

RHONG KHEN INTERNATIONAL BERHAD
[Registration No. 199401017151 (302829-W)]
(Incorporated in Malaysia)

MINUTES OF THE TWENTY-NINTH ANNUAL GENERAL MEETING OF RHONG KHEN INTERNATIONAL BERHAD (“RKI” OR “THE COMPANY”) HELD AT THE GRAND BALLROOM, GLENMARIE HOTEL & GOLF RESORT, NO. 1, JALAN USAHAWAN U1/8, SEKSYEN U1, 40250 SHAH ALAM, SELANGOR DARUL EHSAN, MALAYSIA ON WEDNESDAY, 29 NOVEMBER 2023 AT 12.00 NOON

PRESENT:

Dato’ Dr Norraesah Binti Haji Mohamad	– Chairman/Independent Non-Executive Director
Madam Lin Chen, Jui-Fen	– Deputy Executive Chairman/ Executive Director
	– Also as shareholder
Mr. Lin, Chin-Hung	– Managing Director
	– Also as shareholder
Mr. Toh Seng Thong	– Non-Independent Non-Executive Director
Mr. Yek Siew Liong	– Non-Independent Non-Executive Director
Mr. Sandra Segaran A/L Muniandy @ Krishnan	– Independent Non-Executive Director

IN ATTENDANCE:

Mr. Yeoh Joe Son (“Mr. Yeoh”)	– Company Secretary/Group Finance Director
Ms. Tia Hwei Ping	– Company Secretary

BY INVITATION:

Mr. Fong Toh Wai (“Mr. Fong”)	– Group Financial Controller
Mr. David Liu	– Representing Messrs Ernst & Young PLT (“EY”)
Mr. Jerry Ang Zi Kang	– Representing EY
Ms. Lim Jo Sin	– Representing EY
Ms. Tay Si Wei	– Representing Boardroom Corporate Services Sdn Bhd (“Boardroom”)
Ms. Catryn Lee Kah Lam	– Representing Boardroom

SHAREHOLDERS AND PROXIES

The shareholders and proxies who attended the Meeting were set out in the Attendance Lists.

CHAIRMAN

Dato' Dr Norraesah Binti Haji Mohamad ("the Chairman") being the Chairman of the Board of Directors ("Board") presided as Chairman of the Twenty-Ninth Annual General Meeting ("29th AGM" or "the Meeting") and welcomed the shareholders, proxies and invitees to the Meeting.

The Chairman thereafter introduced the members of the Board, Group Finance Director, Group Financial Controller, Company Secretary and Auditors to the Meeting.

QUORUM

The requisite quorum being present pursuant to Clause 74 of the Company's Constitution, the Chairman declared the Meeting duly convened at 12:00 noon.

NOTICE

With the consent of the Members present, the Notice convening the Meeting having been circulated within the prescribed period was taken as read. The Chairman then proceeded with the business of the 29th AGM.

SUMMARY OF PROXY FORMS RECEIVED

Based on the Poll Administrator Report, the Company had received a total of thirty-two (32) proxy forms from shareholders for a total of 131,894,768 ordinary shares representing 67.90% of the total issued share capital of the Company within stipulated prescribed period of forty-eight (48) hours before the time for convening this Meeting.

POLLING AND VOTING PROCEDURE

The Chairman informed the Meeting that in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 29th AGM would be voted by poll. Pursuant to Clause 78 of the Company's Constitution, the Chairman then demanded for a poll to be taken for all the resolutions set forth in the Notice of the Annual General Meeting.

The Chairman also informed the Meeting that Securities Services (Holdings) Sdn Bhd has been appointed as Poll Administrators to facilitate the poll voting and Commercial Quest Sdn Bhd ("Commercial Quest") has been appointed as the Scrutineer to validate the poll results.

The Chairman further informed that the Meeting shall go through all the resolutions and proceed with the polling process after the last resolution has been tabled and deliberated.

The Chairman then proceeded with the agenda items set out in the Notice of the 29th AGM.

1. TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 TOGETHER WITH REPORTS OF THE DIRECTORS AND AUDITORS THEREON

The Chairman informed that the Audited Financial Statements for financial year ended 30 June 2023 was meant for discussion only. It would not be put for voting by the shareholders as it does not require a formal approval from the Company's shareholders.

The Chairman informed that the Company had received questions from the Minority Shareholders Watch Group ("MSWG") before the Annual General Meeting. The Group Financial Controller, Mr. Fong presented to the shareholders the questions raised by MSWG in its letter dated 20 November 2023, along with the Company's responses. The Chairman also stated that the said questions and responses would also be posted on the Company's website in due course. A copy of the questions and responses is attached herewith as "Annexure A".

The Chairman then invited questions from the floor pertaining to the Audited Financial Statements for financial year ended 30 June 2023, which had been previously circulated to all shareholders.

The followings issues were raised by the shareholders/proxies and discussed:-

(a) The cause of the reduction in inventories

In response to the question raised by Mr. Kwang Qi Cai ("Mr. Kwang") on the cause of the reduction in inventories, the Management responded that the Company recorded high inventories in the financial year ended 30 June 2022, particularly in finished goods, due to shipping issues such as shortage of vessels and congestions at US ports. However, in the current financial year, the shipping issues have been resolved resulting in substantial decrease in inventories.

(b) Strategies to strengthen the Company's competitive position by leveraging its cash available

Mr. Kwang enquired on strategies to strengthen the Company's competitive position by leveraging its cash available, the Management responded that the cash available would be utilised to sustain current operations and diversify the scope of the business.

(c) Hiring issues

Mr. Kwang also enquired whether the Company has faced any hiring issues, the Management replied that the Company has implemented an employment policy aimed to retain its workforce, and the Management will

recruit additional workers based on demand. Currently, there are no plans for any retrenchment exercise.

(d) Outlook for the financial year ending 30 June 2024

In response to the question raised by Mr. Leo Ann Puat on the Company's outlook for the financial year ending 30 June 2024, the Management responded that the Company recorded lower profits compared the corresponding quarter of the preceding year due to decrease in orders received in the first quarter of the financial year ending 30 June 2024. The economic outlook was unfavorable, but the Management is dedicated to preserving the Company's current level of profitability.

(e) Plan to expand the business into regional countries

Mr. Lim Jit Thin enquired on whether the Company plan to expand the business into regional countries, the Management responded that despite achieving a low order volume, the Management expanded the business to other countries.

(f) Supply of raw materials

Mr. Kwang expressed his concern on the supply of raw materials of which the Management informed that the Company has three (3) upstream furniture plants to supply wood requirement of four (4) downstream furniture plants. Hence, no issue on the supply of main wood materials of downstream furniture plants.

(g) Environmental, Social and Governance ("ESG") Sustainability

In response to the question raised by Mr. Chong Cho Teng ("Mr. Chong") on whether the Company's has complied with ESG sustainability framework and requirements, the Management replied that the Company is firmly committed and implementing continuous sustainable practices across its operation. The Company's furniture plants had obtained Forest Stewardship Council ("FSC") certification and the Programme for the Endorsement of Forest Certification ("PEFC"). This provides assurance that the Company's products are handled and manufactured under strict regulations that support responsible forest regeneration, biodiversity and the protection of native fauna.

(h) Products of the Company

Mr. Chong further enquired on the products made by the Company and requested to have a detailed overview of the Company's business, the Management responded that the Company's products have been showcased and are accessible on the Company's website. An overview of the Company's business was provided in the Company's Annual Report 2023.

After addressing all the questions raised, the Chairman declared THAT the Audited Financial Statements of the Company for the financial year ended 30 June 2023 together with the Reports of the Directors and Auditors thereon had been duly tabled and received by the shareholders.

Thereafter, the Chairman went through each of the motion as set out in the Notice of the 29th AGM.

**2. ORDINARY RESOLUTION 1
FINAL SINGLE-TIER DIVIDEND**

The Chairman informed that Ordinary Resolution 1 was to approve the final single-tier dividend of 3.0 sen per ordinary share for financial year ended 30 June 2023.

Since there was no question from the shareholders, the Chairman proceeded with the next agenda item.

**3. ORDINARY RESOLUTION 2
APPROVAL FOR THE PAYMENT OF DIRECTORS' FEES AND DIRECTORS'
BENEFITS UP TO RM350,000.00 FOR THE PERIOD FROM 30 NOVEMBER
2023 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY
PAYABLE QUARTERLY IN ARREARS**

The Chairman informed that Ordinary Resolution 2 was to approve the payment of Directors' fees and Directors' benefits up to RM350,000.00 for the period from 30 November 2023 until next Annual General Meeting of the Company payable quarterly in arrears.

Since there was no question from the shareholders, the Chairman proceeded with the next agenda item.

**4. ORDINARY RESOLUTIONS 3 AND 4
RE-ELECTION OF DIRECTORS RETIRING BY ROTATION IN ACCORDANCE
WITH CLAUSE 96 OF THE COMPANY'S CONSTITUTION**

The Chairman informed the Meeting that Ordinary Resolutions 3 and 4 were on the re-election of the following Directors who retire in accordance with Clause 96 of the Company's Constitution, and that the retiring Directors have offered themselves for re-election:-

Ordinary Resolution 3 – Re-election of Mr. Toh Seng Thong

Ordinary Resolution 4 – Re-election of Mr. Lin, Chin-Hung

Since there was no question from the shareholders, the Chairman proceeded with the next agenda item.

**5. ORDINARY RESOLUTION 5
RE-APPOINTMENT OF AUDITORS**

The Chairman informed the Meeting that Ordinary Resolution 5 was with regards to the re-appointment of Messrs Ernst & Young PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. Messrs Ernst & Young PLT was eligible for re-appointment at a fee to be fixed by the Directors under Section 264(5) of the Companies Act 2016 ("Act"), Messrs Ernst & Young PLT have signified their consent to continue to act as Auditors of the Company for the ensuing year.

Since there was no question from the shareholders, the Chairman concluded the Ordinary Business of the Annual General Meeting and proceeded with the Special Business on the agenda item.

**6. ORDINARY RESOLUTION 6
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO
PURCHASE ITS OWN SHARES**

The Chairman informed that Ordinary Resolution 6 was to seek the renewal of the share buy-back authority granted by the shareholders to the Company at the last Annual General Meeting on 29 November 2022, which would lapse at the conclusion of this Meeting. The resolution, if passed, would authorise the Company to make market purchases of its own shares as permitted by the Act.

The detailed information on proposed renewal of authority for the Company to purchase its own shares was set out in the Statement to Shareholders dated 30 October 2023.

Since there was no question from the shareholders, the Chairman proceeded with the last agenda item.

**7. ORDINARY RESOLUTION 7
AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT
TO SECTION 76 OF THE COMPANIES ACT 2016**

The Chairman informed that last Ordinary Resolution 7 is to seek approval from the shareholders to provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to a maximum of 10% of the total number of issued shares of the Company, subject to Section 75 of the Act and also seek shareholders to waive their pre-emptive rights pursuant to Section 85 of the Act read together with Clause 95 of the Company's Constitution.

Since there was no question from the shareholders and all the agenda items of this Meeting have been deliberated, the Chairman then proceeded to conduct the poll on all resolutions set out in the Notice of the 29th AGM.

BALLOTING PROCESS

The Chairman directed for the closing of the registration of the shareholders and proxies for the Annual General Meeting and invited the scrutineer, Commercial Quest to brief on the polling procedure. The representative of Commercial Quest requested the shareholders and proxies to complete and sign the polling forms, before depositing them into the ballot box.

The Meeting was then adjourned at 12:46 p.m. for the votes to be counted and to enable the scrutineer to tabulate the results of the poll.

The Meeting resumed at 1.12 p.m. for the declaration of the results of the poll.

ANNOUNCEMENT OF POLL RESULTS

The Chairman announced the results of the poll as follows:-

ORDINARY RESOLUTION 1 – FINAL SINGLE-TIER DIVIDEND

Ordinary Resolution 1	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>To approve a final single-tier dividend of 3.0 sen per ordinary share for the financial year ended 30 June 2023</i>	135,491,477	100.0000	-	-	Carried

It was unanimously RESOLVED THAT the payment of a final single-tier dividend of 3.0 sen per ordinary share for the financial year ended 30 June 2023 be and is hereby approved.

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ORDINARY RESOLUTION 2

– DIRECTORS' FEES AND BENEFITS UP TO RM350,000 FOR THE PERIOD FROM 30 NOVEMBER 2023 UNTIL THE NEXT ANNUAL GENERAL MEETING

Ordinary Resolution 2	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>To approve the payment of Directors' fees and benefits up to RM350,000 for the period from 30 November 2023 until the next Annual General Meeting of the Company payable quarterly in arrears</i>	135,489,205	99.9983	2,272	0.0017	Carried

It was RESOLVED THAT the payment of Directors' fees and benefits up to RM350,000.00 for the period from 30 November 2023 until the next Annual General Meeting of the Company payable quarterly in arrears be and is hereby approved.

ORDINARY RESOLUTION 3

– RE-ELECTION OF DIRECTOR – MR. TOH SENG THONG

Ordinary Resolution 3	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>To re-elect Mr. Toh Seng Thong as Director</i>	135,466,075	99.9813	25,400	0.0187	Carried

It was RESOLVED THAT Mr. Toh Seng Thong, who retired pursuant to Clause 96 of the Company's Constitution be and is hereby re-elected as Director of the Company.

ORDINARY RESOLUTION 4

– RE-ELECTION OF DIRECTOR – MR. LIN, CHIN-HUNG

Ordinary Resolution 4	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>To re-elect Mr. Lin, Chin-Hung as Director</i>	135,491,477	100.0000	-	-	Carried

It was unanimously RESOLVED THAT Mr. Lin, Chin-Hung, who retired pursuant to Clause 96 of the Constitution of the Company be and is hereby re-elected as Director of the Company.

ORDINARY RESOLUTION 5
– RE-APPOINTMENT OF AUDITORS

Ordinary Resolution 5	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration</i>	135,491,477	100.0000	-	-	Carried

It was unanimously RESOLVED THAT the retiring Auditors, Messrs Ernst & Young PLT, having indicated their willingness to accept the re-appointment, be hereby re-appointed as the auditors of the Company for the ensuing year until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company.

ORDINARY RESOLUTION 6**– PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES**

Ordinary Resolution 6	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>Proposed Renewal of authority for the Company to purchase its own shares</i>	135,491,417	100.0000	60	0.0000	Carried

It was RESOLVED THAT subject to the Companies Act 2016 (“the Act”), the Constitution of the Company, the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise the maximum amount of funds available in the Company which shall not exceed the Company’s aggregate retained earnings to purchase such amount of shares in the Company (“Proposed Renewal of Share Buy-Back Authority”) 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 ten per centum (10%) of the total number of issued shares of the Company;

THAT an amount not exceeding the Company's retained earnings account be allocated by the Company for the Proposed Renewal of Share Buy Back Authority;

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 (in accordance with Section 127 of the Act);

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

- (a) the conclusion of the next AGM of the Company following the 29th AGM, at which such resolution was passed, 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;
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) 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 Renewal of Share Buy-Back Authority as may be agreed or allowed by any relevant governmental and/or regulatory authority.

ORDINARY RESOLUTION 7

– AUTHORITY FOR DIRECTORS TO ISSUE AND ALLOT SHARES IN THE COMPANY PURSUANT TO SECTION 76 OF THE COMPANIES ACT 2016

Ordinary Resolution 7	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>Authority for Directors to issue and allot shares in the Company pursuant to Section 76 of the Companies Act 2016</i>	135,488,109	99.9975	3,368	0.0025	Carried

Rhong Khen International Berhad

[Registration No. 199401017151 (302829-W)]

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It was RESOLVED THAT subject to Section 76 of the Act, the Directors be and are hereby empowered to issue and allot shares in the Company at any time until the conclusion of the next AGM 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 capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issuance.

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

CONCLUSION

There being no other business to be transacted, the Meeting concluded at 1.15 p.m. with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD

- Signed -

CHAIRMAN

Rhong Khen International Berhad
[Registration No. 199401017151 (302829-W)]

Minority Shareholders Watch Group Questions and Responses

Operational & Financial Matters

Question 1:

High interest rates in the US affected furniture sales in the US as most of the customers had reduced orders by between 30% to 50%. The furniture industry also has to manage the over-inventoried situation in the US and rising labour costs in Malaysia and Vietnam (page 9 of AR 2023).

- (a) What are the revenue and segment results for both the Vietnam and Malaysia operations, respectively in FY2022 and FY2023?
- (b) What is the Board's prospect on the over-inventoried situation in the US? Is the over-inventoried situation expected to continue throughout FY2024?
- (c) The Group reduced its total workforce to approximately 4,200 workers in FY2023 as compared to approximately 5,900 workers in the previous year (Page 4 of AR 2023 and page 4 of AR 2022). Besides, the workforce reduction, please elaborate on the cost-controlling strategies adopted in the upcoming year in tandem with the reduced sales order from the US market.

Reply for Question 1 (a):

We had disclosed revenue and segment results in our Quarterly Report under Note A12 – Segmental Information. Refer below for the extract segmental information of Vietnam and Malaysia operations for FY2023 and FY2022:

	Vietnam		Malaysia	
	FY2023 (RM'000)	FY2022 (RM'000)	FY2023 (RM'000)	FY2022 (RM'000)
Revenue	504,439	584,185	128,922	154,329
Profit/(loss) before taxation	32,353	40,542	(2,583)	10,657

Reply for Question 1 (b):

Based on our Quarter 1 FY2024 result, demand from our major export market i.e US has remained weak despite inventory level at warehouses of our major US customers are depleting. We expect high interest rate environment in US will continue to dampen furniture sales in US.

Reply for Question 1 (c):

We have other cost control strategies besides reduction in workforce. However, we regret to inform that we prefer not to elaborate on other cost controlling strategies adopted by the Group as we do not wish to share our strategies with our competitors.

Question 2:

The Group recorded higher manufacturing costs during FY2023 as a result of low orders environment and margin compression as discounts were given to the customers to boost shipments and retain orders (Page 4 of AR 2023).

- (a) Does the margin compression affect all products or a certain range of products offered by the Group?
- (b) What are the competitive advantages of the Group over the competitors? Is the Group able to leverage these competitive advantages to ease the margin compression?

Reply for Question 2 (a):

The discount program extended to our customers affecting certain range of products only.

Reply for Question 2 (b):

The Group has three (3) upstream furniture plants to support the wood raw material requirements of four (4) downstream furniture plants and also ensures stability supply of wood raw materials.

Question 3:

The Rental of Investment Properties Segment recorded consecutive losses of RM0.7 million and RM0.4 million in FY2023 and FY2022 respectively (Page 132 and 133 of AR 2023).

- (a) Please provide the breakdown for RM52.7 million investment properties as at 30 June 2023 in freehold lands and buildings.
- (b) What is the occupancy rate of these freehold lands and buildings under the investment properties in FY2023?
- (c) What are the reasons for the consecutive losses for this segment and does the Group to improve the ROA of these investment properties?

Reply for Question 3 (a):

Refer below for breakdown details of freehold lands and buildings as at 30 June 2023:

	RM million	Purpose
Freehold land – erected with buildings	7.4	Leased out to third party
Freehold land – vacant	31.1	For Future use
Buildings	14.2	Leased out to third parties
Grand total	52.7	

Reply for Question 3 (b):

Refer purpose column in reply for question 3 (a) above.

Reply for Question 3 (c):

Acquisition of a freehold land in FY2020 was financed by US Dollar Term Loan. The losses registered in FY2023 and FY2022 from Rental of Investment Properties segment mainly derived from unrealised forex loss due to translation of US Dollar term loan liability in Ringgit Malaysia as at balance sheet date. However, this segment contributed positive operating cash flow to the Group.

Question 4:

The Group had on 20 September 2023 entered in a Memorandum of Understanding (“MOU”) with PTT Synergy Group Berhad (“PTTS”) to form a collaboration to establish a system pallet business with an intention to meet the increasing demand for efficient supply chain management and logistic services within an automated intralogistics warehouse (Company announcement dated 20 September 2023).

- (a) Please elaborate further on the Group’s motive and the potential synergy to venture into system pallet business.
- (b) What is the occupancy rate of these freehold lands and buildings under the investment properties in FY2023? What is the estimated revenue from producing and installing 200,000 units of system pallets stated in the MOU?
- (c) What is the current development of this proposed collaboration?

Reply for Question 4 (a):

The Group’s specialty is in the manufacturing of wooden furniture, components and parts. The raw materials for system pallet are mainly wood and similar to furniture parts and components. The main raw material input of wood for system pallet will enhance our wood material procurement and utilisation yield.

Reply for Question 4 (b):

Repeated question. Refer to answer of Question 3 (b). We are unable to provide or comment on financial data of this MOU as we are bound by restrictive terms of the Non-Disclosure Agreement signed.

Reply for Question 4 (c):

As mentioned in reply for Question 4 (b), we will make necessary announcement to Bursa Malaysia Securities Berhad should there be any material development on this MOU.