

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

MINUTES OF THE THIRTY-FIRST ANNUAL GENERAL MEETING OF RHONG KHEN INTERNATIONAL BERHAD (“RKI” OR “THE COMPANY”) HELD AT THE SAUJANA HOTEL KUALA LUMPUR, JALAN LAPANGAN TERBANG SAAS, 40150 SHAH ALAM, SELANGOR DARUL EHSAN, MALAYSIA ON THURSDAY, 27 NOVEMBER 2025 AT 12.30 P.M.

PRESENT:

Mr. Sandra Segaran A/L Muniandy @ Krishnan	– Chairman of the Meeting/Independent Non-Executive Director
Dato’ Dr Norraesah Binti Haji Mohamad	– Chairman of the Board/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
Madam Lin Shin-Ni	– Alternate Director to Madam Lin Chen, Jui-Fen

IN ATTENDANCE:

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

BY INVITATION:

Mr. Fong Toh Wai	– Group Financial Controller
Mr. Chuan Yee Yang	– Representing Messrs Ernst & Young PLT (“EY”)
Mr. Jerry Ang Zi Kang	– Representing EY
Ms. Mee Mei Ting	– Representing EY
Mr. Chang Shun Quan	– Representing Boardroom Corporate Services Sdn Bhd (“Boardroom”)
Ms. Tay Si Wei	– Representing Boardroom
Ms. Nurhayati Ang Abdullah	– Representing Securities Services (Holdings) Sdn Bhd (“SS”)
Pn. Suraya Yunus	– Representing SS
Ms. Yuli Chew Lai Ping	– Commercial Quest Sdn Bhd (“Commercial Quest”)

SHAREHOLDERS AND PROXIES

The shareholders and proxies who attended the Thirty-First Annual General Meeting ("31st AGM" or "the Meeting") were set out in the Attendance Lists.

CHAIRMAN

Dato' Dr Norraesah Binti Haji Mohamad ("Dato' Dr Norraesah") being the Chairman of the Board of Directors ("Board") was invited to give an opening address speech for the Meeting. She welcomed the shareholders, proxies and invitees to the Meeting and introduced the members of the Board, Group Finance Director, Group Financial Controller, Company Secretary and Auditors to the Meeting.

Dato' Dr Norraesah informed the Meeting that she would not be able to preside over the Meeting due to health reasons. The Board has elected Mr. Sandra Segaran A/L Muniandy @ Krishnan ("the Chairman") as Chairman of the Meeting pursuant to Clause 76 of the Company's Constitution.

QUORUM

The Company Secretary confirmed that a quorum was present pursuant to Clause 74 of the Company's Constitution. With the requisite quorum being present, the Chairman declared the Meeting duly convened at 12:30 p.m..

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 31st AGM.

SUMMARY OF PROXY FORMS RECEIVED

Based on the Poll Administrator Report, the Company had received a total of thirty-second (32) proxy forms from shareholders for a total of 156,723,426 ordinary shares representing 80.02% 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 31st 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 has been appointed as the Independent 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 31st AGM.

1. TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 ("FY2025") TOGETHER WITH REPORTS OF THE DIRECTORS AND AUDITORS THEREON

The Chairman informed that in compliance with Section 340 of the Companies Act 2016, the Audited Financial Statements for financial year ended 30 June 2025 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 21 November 2025, 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 2025, which had been previously circulated to all shareholders.

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

(a) Impact of Foreign Exchange ("Forex")

In response to the question raised by Mr. Lew Tuck Wai ("Mr. Lew") regarding the impact of foreign exchange movements on the Company, the Management explained that currency fluctuations have both direct and indirect effects. However, measures are in place to mitigate these impacts, including price negotiations in sales contracts with customers, hedging through forward contracts and foreign currency loans, as well as offsetting exposure through imports denominated in United States Dollars (USD).

(b) Rationale and status of Disposal of Lands

Mr. Lew enquired about the rationale and status for the disposal of lands as stated in the Annual Report 2025. The Management explained that the land in Vietnam was originally acquired for upholstery expansion prior to COVID-19. However, due to a significant decline in business, the expansion plan was canceled, and the existing factory space in Vietnam was repurposed for upholstery operations. The Management confirmed that full payments for both land disposals have been received and the transactions were completed in November 2025.

(c) Factory Utilisation and Terengganu Operations

Mr. Lew enquired about the utilisation rate of the Malaysian factory, noted to be between 50% and 70%, and further sought clarification on whether the Terengganu facility continues to serve as a source for raw materials. The Management confirmed that the Terengganu plant operates as an upstream operation, preparing raw materials and components. This facility is considered critical to the Company's operations, as many subcontractors have ceased operations, and the absence of the Terengganu plant would face significant operational challenges. The plant now assumes the role previously handled by subcontractors, supplying timber and components to support production.

(d) Raw Material Mix

Mr. Lew enquired on the Company's composition on raw material mix and the shift from primarily rubber wood to other types of woods such as poplar, pine, oak, and particle boards, the Management responded that rubber wood remains the main material, representing about 60–70% of total usage in Malaysia and 40–50% in Vietnam, with the balance comprising composite boards and imported woods from Europe and North America. The Management further elaborated that the raw material mix is determined by buyer specifications, with a growing trend toward high-end products requiring tropical hardwood for larger items.

(e) Impact of Tariffs

Mr. Lew sought clarification on the statement that tariffs may positively impact the Company. The Management explained that orders have increased as United States customers have shifted their purchases from China to Vietnam and Malaysia following higher tariff in China and closure of certain competitors. To capitalize on this development, the Company is prioritising top-line growth over margins to maintain sales momentum and market presence. Although margins expected to remain lower and the next two years will continue to be challenging, Management expects improved results in the coming year compared to FY2025.

After addressing all the questions raised, the Chairman declared THAT the Audited Financial Statements of the Company for the financial year ended 30

June 2025 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 31st 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 1.0 sen per ordinary share for financial year ended 30 June 2025.

The Chairman then invited questions from the floor.

The following issue was raised by the shareholders/proxies and discussed:-

Declaration of Dividends

In response to the question raised by Mr. Lew on the declaration of dividends, the Management responded that the Company remains committed to creating long-term value for its shareholders while ensuring a balanced approach to the interests of all stakeholders. The Management emphasized that achieving stronger financial performance is a priority, as this will support the continuation and potential enhancement of dividend distributions, which is one of the Company's key objectives.

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 29 NOVEMBER 2025 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 29 November 2025 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.

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4. ORDINARY RESOLUTION 3
RE-ELECTION OF MR. YEK SIEW LIONG, WHO RETIRED BY ROTATION IN
ACCORDANCE WITH CLAUSE 96 OF THE COMPANY'S CONSTITUTION

The Chairman informed the Meeting that Ordinary Resolution 3 was with regards to the re-election of Mr. Yek Siew Liong, who retired pursuant to Clause 96 of the Constitution and has offered himself for re-election.

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

5. ORDINARY RESOLUTION 4
RE-ELECTION OF MR. SANDRA SEGARAN A/L MUNIANDY @ KRISHNAN,
WHO RETIRED BY ROTATION IN ACCORDANCE WITH CLAUSE 96 OF THE
COMPANY'S CONSTITUTION

As Mr. Sandra Segaran A/L Muniandy @ Krishnan was seeking for re-election, the chairmanship was then handed to Mr. Toh Seng Thong, the Non-Independent Non-Executive Director of the Company to chair this segment of the Meeting.

Mr. Toh Seng Thong informed the Meeting that Ordinary Resolution 4 was to approve the re-election of Mr. Sandra Segaran A/L Muniandy @ Krishnan who retired pursuant to Clause 96 of the Company's Constitution and has offered himself for re-election.

Since there was no question from the shareholders, Mr. Toh Seng Thong then handed the chair over to Mr. Sandra Segaran A/L Muniandy @ Krishnan, the Chairman of the Meeting to continue with the remaining agenda of the Meeting.

6. 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.

7. 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 28 November 2024, 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 29 October 2025.

The Chairman then invited questions from the floor.

The following issue was raised by the shareholders/proxies and discussed:-

Share Buy-Back

Mr. Lew proposed that the Company consider undertaking a Share Buy-Back exercise, the Management responded that funds will be allocated for this purpose and the Share Buy-Back will be executed as and when deemed necessary.

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

8. 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 was 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 to seek shareholders to waive their pre-emptive rights pursuant to Section 85 of the Act read together with Clause 59 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 informed the Meeting that no notice was received for transacting any other ordinary business, then proceeded to conduct the poll on all resolutions set out in the Notice of the 31st 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 1.22 p.m. for the votes to be counted and to enable the scrutineer to tabulate the results of the poll.

The Meeting resumed at 1.42 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 1.0 sen per ordinary share for the financial year ended 30 June 2025</i>	157,378,351	100.0000	4	0.0000	Carried

It was RESOLVED THAT the payment of a final single-tier dividend of 1.0 sen per ordinary share for the financial year ended 30 June 2025 be and is hereby approved.

ORDINARY RESOLUTION 2

– DIRECTORS' FEES AND BENEFITS UP TO RM350,000.00 FOR THE PERIOD FROM 28 NOVEMBER 2025 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 RM350,000.00 for the period from 28 November 2025 until the next Annual General Meeting of the Company payable quarterly in arrears</i>	157,377,122	100.0000	13	0.0000	Carried

It was RESOLVED THAT the payment of Directors' fees and benefits up to RM350,000.00 for the period from 28 November 2025 until the next Annual General Meeting of the Company payable quarterly in arrears be and is hereby approved.

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ORDINARY RESOLUTION 3**– RE-ELECTION OF DIRECTOR – MR. YEK SIEW LIONG**

Ordinary Resolution 3	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>To re-elect Mr. Yek Siew Liong as Director</i>	157,377,754	99.9997	401	0.0003	Carried

It was RESOLVED THAT Mr. Yek Siew Liong, 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. SANDRA SEGARAN A/L MUNIANDY @ KRISHNAN**

Ordinary Resolution 4	Vote For		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<i>To re-elect Mr. Sandra Segaran A/L Muniandy @ Krishnan as Director</i>	157,378,146	100.0000	9	0.0000	Carried

It was RESOLVED THAT Mr. Sandra Segaran A/L Muniandy @ Krishnan, who retired pursuant to Clause 96 of the Company's Constitution 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 for the ensuing year and to authorise the Directors to fix their remuneration</i>	157,378,154	100.0000	1	0.0000	Carried

It was 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>	157,378,342	100.0000	13	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 31st 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; or
- (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>	157,374,674	99.9978	3,481	0.0022	Carried

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 pre-emptive 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.

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CONCLUSION

There being no other business to be transacted, the Meeting concluded at 1.43 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:

Financial Performance

Five Years Financial Highlights	2025 RM'000	2024 RM'000	2023 RM'000	2022 RM'000	2021 RM'000
Revenue	515,924	521,624	649,423	756,324	911,943
Profit for the year	10,190	11,232	21,855	35,524	53,791

(Page 3 of the Annual Report (AR) 2025)

As reported above, given the 5-year declining revenue trend from RM911.9 million in FY2021 to RM515.9 million in FY2025, a 43.4% decline, and profit reduction from RM53.8 million to RM10.2 million over the same period, what specific strategic initiatives beyond cost control measures and enhanced production efficiency (Page 6 of AR 2025) is the Group implementing to reverse this deteriorating performance?

Reply for Question 1:

The drop in revenue was mainly due to overall decrease in demand in US and increase in number of competitors. The Group has implemented several key initiatives aimed at strengthening its profitability and long-term sustainability:

- (i) Develop flexible profit margin and pricing strategies to compete for orders;
- (ii) Streamlining and upgrading production facility to enhance production efficiency and optimise workforce requirements;
- (iii) Continuous development of new products and designs to meet evolving customer needs; and
- (iv) To reduce the concentration on US market by diversification into other segments and markets.

Question 2:

Higher manufacturing costs were recorded by Malaysia operations due to reduced production output stemming from lower order volumes and increased in labour costs following the implementation of a higher minimum wage rate effective 1 February 2025 (Page 7 of AR 2025).

- (a) With Malaysia operations experiencing reduced production output due to the abovementioned factors, how does the Group plan to optimise the utilisation of RKIB's three Malaysian factories and 4,000-strong workforce (Page 4 of AR2025) to restore profitability to sustainable levels?
- (b) What are the Group's previous and current utilisation rates for the Malaysian factories?

Reply for Question 2 (a):

As at 30 June 2025, the Group's manufacturing facilities in Malaysia employed approximately 1,200 workers. Over the past two financial years, the Group has undertaken continuous upgrades of its production lines, incorporating advanced and automated machinery. These investments are part of a broader strategy to enhance production efficiency, reduce operational costs, gradually lessen reliance on manual labour and dependency on subcontractors.

Reply for Question 2 (b):

Current utilisation rate of Malaysia factories is about 50% to 70%, compared to full capacity (100%) in FY2021.

Question 3:

US Tariff Exposure and Impact & Geographical Diversification Strategy

- (a) Given that the US market appears to be the Group's largest revenue source (Page 110 of AR 2025), can the management quantify the Group's specific tariff exposure and its expected full-year FY2026 impact and provide a detailed mitigation roadmap, if any, beyond the mentioned comprehensive measures (Page 149 of AR 2025)?
- (b) What concrete steps are being taken to diversify the Group's customer base geographically (Page 110 of AR 2025) and reduce over-dependence on the volatile US furniture market?

Reply for Question 3 (a):

The Group anticipates that the overall impact of this tariff will be minimal and manageable. The tariff may contribute positively for FY2026.

However, continuous efforts and initiatives, including the upgrading of production facilities, product innovation, and diversification into new markets, as outlined earlier, are ongoing. These measures reinforce the Group's resilience and position it to navigate uncertainties effectively while sustaining long-term profitability.

Reply for Question 3 (b):

At present most of the major furniture markets in the world are volatile. The Group is pursuing geographic diversification to reduce reliance on the US market and enhance its global presence. In line with this strategy, the Group is developing region-specific product lines tailored to the preferences of customers in different markets, ensuring relevance and competitiveness and building long-term customer relationships outside the US through strategic partnership.

Question 4:

Working Capital & Cash Flow Management

- (a) Trade receivables increased by RM4.3 million (Page 124 of AR 2025) while inventories grew slightly by RM1.4 million (Page 123 of AR 2025) despite declining sales. What specific measures are being implemented to optimise inventory levels and accelerate receivables collection to improve cash conversion cycles?
- (b) Operating cash flows dropped dramatically from RM54.8 million (FY2024) to RM11.6 million (FY2025), a 78.8% decline (Page 92 of AR 2025). With cash and cash equivalents decreasing by RM31.8 million to RM140.2 million (FY2025) from RM172.0 million (FY2024) (Page 93 of AR 2025), how does the Board ensure adequate liquidity for operations and any capital investments?

Reply for Question 4 (a):

The increase in trade receivables and inventories is minimal and mainly due to current marketing strategies by the Group to compete for orders. We provide better credit terms and innovative supply chain management for our established and strategic customers. However, the Group continues to actively monitor inventories and receivables aging to ensure efficient working capital management. Purchases are aligned with demand forecasts to avoid excess stock, while receivables are closely tracked to mitigate overdue balances. To accelerate collections, the Group offers early payment incentives and maintains proactive engagement with customers.

Reply for Question 4 (b):

Operating cash flows of the Group declined substantially during the financial year, primarily attributable to changes in working capital. Cash and cash equivalents decreased by RM31.8 million, of which RM20.3 million was due to the effects of exchange rate fluctuations. Despite these movements, the Group's current level of cash remains comfortable and healthy and are adequate to support ongoing operations and planned capital investments.