

**SUPERLON HOLDINGS BERHAD**  
**REGISTRATION NO.: 200601020659 (740412-X)**  
(Incorporated in Malaysia)

Minutes of the Sixteenth Annual General Meeting (“Meeting”) of the Company (or “Superlon”) held through live streaming from the meeting venue at Lot 2567 Jalan Sungai Jati 41200 Klang Selangor on Wednesday, 21 September 2022 at 10:00 a.m.

Present : The attendance below is in accordance with the Attendance List of Directors and Company Secretaries in Annexure 1.

**Board of Directors**

1. Mr Chun Kwong Pong (Non-Independent Non-Executive Chairman)
2. Madam Liu Lee, Hsiu-Lin @ Jessica H. Liu (Managing Director)
3. Mr Liu Han-Chao (Executive Director)
4. Mr Liu Jeremy (Executive Director)
5. Mr Ongi Cheng San (Executive Director)
6. Mr Lin, Po-Chih (Independent Non-Executive Director)
7. Mr Lim Wai Loong (Independent Non-Executive Director)
8. Madam Chee Chung Yen (Independent Non-Executive Director)

In Attendance : 1. Ms Ng Mei Wan (Company Secretary)

: The attendance of shareholders/proxies and others is in accordance with the summary of Attendance List in Annexure 2.

**1. CHAIRMAN OF THE MEETING**

Mr Chun Kwong Pong (“Mr Chairman”) was elected as Chairman of the Meeting.

**2. QUORUM**

The quorum for the Meeting was confirmed as present.

**3. NOTICE OF THE MEETING**

The Notice convening this Meeting had been sent to all shareholders within the prescribed time.

**4. PRELIMINARY OF THE MEETING**

4.1 Mr Chairman briefed the Meeting that the Meeting of the Company would be conducted entirely through live streaming via online meeting platform, via <https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) in Malaysia.

Mr Chairman briefed the shareholders and proxies of their rights to speak (including posing question to the Board via real time submission of typed texts) and vote remotely at the Meeting using Remote Participation and Voting Facilities provided by Tricor via <https://tiih.online>.

There was a total of ninety six (96) persons present as shareholders and proxies holding a total of 61,144,359 ordinary shares, equivalent to 38.52% of the total issued capital (excluding the 1,278,158 ordinary shares held in treasury) of the Company participated remotely from various locations through live streaming at the Meeting. Mr Chairman introduced each and every member of the Board of Directors (or “Board”), the Company Secretary as well as the External Auditor who were joining in this Meeting remotely via video conferencing.

4.2 Before the Meeting dealt with the businesses in hand, Mr Chairman briefed the shareholders and proxies that pursuant to Paragraph 8.29 (A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), a listed corporation must, among others, ensure that any resolution set out in the notice of any general meeting is voted by poll. For this purpose, the Company had engaged Tricor as the Poll Administrator and Scrutineer Solutions Sdn. Bhd. as the Independent Scrutineer.

4.3 The Poll Administrator was invited to brief the Meeting on the procedures for the conduct of poll and time required for counting and validation of votes casted.

5. **AGENDA 1  
RECEIPT OF AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 TOGETHER WITH THE REPORTS OF THE DIRECTORS' AND AUDITORS' THEREON**

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Mr Chairman informed that the motion was put for discussion as the provisions of Section 340(1)(a) of the Companies Act 2016 (or "the Act") and Company's Constitution do not require a formal approval of the shareholders and hence was not put forward for voting.

Mr Chairman informed that the Audited Financial Statements of the Company for the financial year ended 30 April 2022 together with the Reports of the Directors' and Auditors' thereon be hereby received.

6. **AGENDA 2 (ORDINARY RESOLUTION NO. 1)  
DIRECTORS' FEES OF UP TO RM230,000-00 FOR THE FINANCIAL YEAR ENDING 30 APRIL 2023 PAYABLE MONTHLY IN ARREARS AFTER EACH MONTH OF COMPLETED SERVICE OF THE DIRECTORS DURING THE SUBJECT FINANCIAL YEAR**

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Mr Chairman informed that this resolution is to facilitate payment of Directors' fees on current financial year basis. In the event that the Directors' fees proposed are insufficient, approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

The Ordinary Resolution 1 was tabled to the Shareholders.

7. **AGENDA 2 (ORDINARY RESOLUTION NO. 2)  
MEETING ATTENDANCE ALLOWANCES OF UP TO RM45,500.00 FOR THE PERIOD FROM THE DATE OF THE FORTHCOMING ANNUAL GENERAL MEETING TO 31 OCTOBER 2023.**

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Mr Chairman informed that this resolution is to facilitate payment of Directors' meeting attendance allowances on current financial year basis. In the event that the Directors' meeting attendance allowances proposed are insufficient (e.g. due to more meetings), approval will be sought at the next Annual General Meeting for additional meeting attendance allowances to meet the shortfall.

The Ordinary Resolution 2 was tabled to the Shareholders.

8. **AGENDA 3 (ORDINARY RESOLUTIONS NO. 3, 4 AND 5)  
RE-ELECTION OF MADAM LIU LEE, HSIU-LIN @ JESSICA H. LIU, MR CHUN KWONG PONG AND MADAM CHEE CHUNG YEN AS DIRECTORS, RETIRING IN PURSUANT TO CLAUSE 93 THE CONSTITUTION OF THE COMPANY**

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Mr Chairman informed that the retiring Director, Madam Liu Lee, Hsiu-Lin @ Jessica H. Liu, being eligible have offered herself for re-election.

The Ordinary Resolution 3 was tabled to the Shareholders.

In view that he has interest in Ordinary Resolution 4, Mr Chairman handed the chair over to Mr Lim Wai Loong. Mr Lim Wai Loong then informed that the retiring Director, Mr Chun Kwong Pong, being eligible have offered himself for re-election.

The Ordinary Resolution 4 was tabled to the Shareholders and Mr Lim Wai Loong then returned the chair to Mr Chairman.

Mr Chairman informed that the retiring Director, Madam Chee Chung Yen, being eligible have offered herself for re-election.

The Ordinary Resolution 5 was tabled to the Shareholders.

9. **AGENDA 4 (ORDINARY RESOLUTION NO. 6)  
RE-APPOINTMENT OF MESSRS CROWE MALAYSIA PLT AS AUDITORS AND  
AUTHORITY TO DIRECTORS TO FIX THEIR REMUNERATION**

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Mr Chairman informed that the retiring External Auditors, Messrs Crowe Malaysia PLT had earlier indicated their willingness to continue in office.

The Ordinary Resolution 4 was tabled to the Shareholders.

10. **AGENDA 5 (ORDINARY RESOLUTION NO. 7 - SPECIAL BUSINESS)  
RENEWAL OF AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE SHARES  
PURSUANT TO SECTION 75 OF THE ACT**

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The mandate now sought was a renewal from the previous mandate obtained at the last annual general meeting held on 21 September 2021 which would expire at the conclusion of this Meeting.

The Ordinary Resolution 7 was tabled to the Shareholders.

11. **AGENDA 6 (ORDINARY RESOLUTION NO. 8 - SPECIAL BUSINESS)  
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE UP TO  
TEN PERCENT (10%) OF ITS OWN ORDINARY SHARES IN ITS ISSUED SHARE  
CAPITAL**

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The mandate now sought was a renewal from the previous mandate obtained at the last annual general meeting held on 21 September 2021 which would expire at the conclusion of this Meeting.

The Ordinary Resolution 8 was tabled to the Shareholders.

12. For and on behalf of the Board, Mr Chairman briefed the Meeting on the enquiries raised by the Minority Shareholders Watch Group via its letter dated 30 August 2022 as well as the Management and/or the Board's representation and/or explanation (appended herein).

13. Mr Chairman informed that the Company had received questions prior to and during the Meeting. The questions received would be moderated to avoid repetition.

The Directors proceeded to reply the questions raised by the shareholders.

14. When there were no further questions from the shareholders, Mr Chairman informed that the poll voting would commence. Time was allotted for the shareholders to cast their votes.

After the voting session closed, Mr Chairman informed the Meeting that the Meeting be hereby adjourned for 20 minutes for the process of verification the votes by Poll Administrator and Independent Scrutineer.

15. **ANNOUNCEMENT OF POLL RESULTS**

Mr Chairman called the Meeting to order and announced the poll results (as per the enclosed "Results on Voting by Poll") as follow:

Ordinary resolution 1

	No. of Shareholders	No. of Shares and Percentage of Shares
For	64	60,742,356 (99.8770%)
Against	23	74,799 (0.123%)
Total	87	60,817,155 (100.0000%)
	No. of Shareholders	No. of Shares
Abstained/ spoilt	1	250,700

In view thereof, Mr Chairman declared that Ordinary Resolution 1 was carried as follows:

"RESOLVED THAT the payment of Directors' fees up to RM230,000-00 for the financial year ending 30 April 2023 be hereby approved."

Ordinary resolution 2

	No. of Shareholders	No. of Shares and Percentage of Shares
For	64	60,742,356 (99.8770%)
Against	23	74,799 (0.123%)
Total	87	60,817,155 (100.0000%)
	No. of Shareholder	No. of Shares
Abstained/ spoilt	1	250,700

In view thereof, Mr Chairman declared that Ordinary Resolution 2 was carried as follows:

"RESOLVED THAT meeting attendance allowances of up to RM45,500.00 for the period from the date of the forthcoming Annual General Meeting to 31 October 2023."

Ordinary resolution 3

	No. of Shareholders and Percentage of Shareholders	No. of Shares and Percentage of Shares
For	71	60,788,937 (99.9663%)
Against	15	20,518 (0.0337%)
Total	86	60,809,455 (100.0000%)
	No. of Shareholder	No. of Shares
Abstained/ spoilt	2	258,400

In view thereof, Mr Chairman declared that Ordinary Resolution 3 was carried as follows:

"RESOLVED THAT Madam Liu Lee, Hsiu-Lin @ Jessica H. Liu retiring pursuant to Clause 93 of the Constitution of the Company, be hereby re-elected as a Director of the Company."

Ordinary resolution 4

	No. of Shareholders	No. of Shares and Percentage of Shares
For	70	60,740,737 (99.9662%)
Against	15	20,518 (0.0338%)
Total	85	60,761,255 (100.0000%)
	No. of Shareholder	No. of Shares
Abstained/ spoilt	3	306,600

In view thereof, Mr Chairman declared that Ordinary Resolution 4 was carried as follows:

“RESOLVED THAT Mr Chun Kwong Pong retiring pursuant to Clause 93 of the Constitution of the Company, be hereby re-elected as a Director of the Company.”

Ordinary resolution 5

	No. of Shareholders	No. of Shares and Percentage of Shares
For	71	60,788,937 (99.9663%)
Against	15	20,518 (0.0337%)
Total	86	60,809,455 (100.0000%)
	No. of Shareholder	No. of Shares
Abstained/ spoilt	2	258,400

In view thereof, Mr Chairman declared that Ordinary Resolution 5 was carried as follows:

“RESOLVED THAT Madam Chee Chung Yen retiring pursuant to Clause 93 of the Constitution of the Company, be hereby re-elected as a Director of the Company.”

Ordinary resolution 6

	No. of Shareholders	No. of Shares and Percentage of Shares
For	74	60,797,637 (99.9679%)
Against	13	19,518 (0.0321%)
Total	87	60,817,155 (100.0000%)
	No. of Shareholder	No. of Shares
Abstained/ spoilt	1	250,700

In view thereof, Mr Chairman declared that Ordinary Resolution 6 was carried as follows:

“RESOLVED THAT Messrs Crowe Malaysia PLT be hereby re-appointed as the Company’s Auditors for the ensuing year and the Directors be hereby authorised to fix the Auditors’ remuneration.”

Ordinary resolution 7

	No. of Shareholders	No. of Shares and Percentage of Shares
For	70	60,792,337 (99.9592%)
Against	17	24,818 (0.0408%)
Total	87	60,817,155 (100.0000%)
	No. of Shareholder	No. of Shares
Abstained/ spoilt	1	250,700

In view thereof, Mr Chairman declared that Ordinary Resolution 7 was carried as follows:

“RESOLVED THAT subject always to the Act, the Constitution of the Company and the approvals of Bursa Securities and other relevant governmental or regulatory bodies, where such approvals are necessary, the Directors be hereby empowered, pursuant to Section 75 of the Act, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company”

Ordinary resolution 8

	No. of Shareholders	No. of Shares and Percentage of Shares
For	74	60,796,641 (99.9663%)
Against	13	20,514 (0.0337%)
Total	87	60,817,155 (100.0000%)
	No. of Shareholder	No. of Shares
Abstained/ spoilt	1	250,700

In view thereof, Mr Chairman declared that Ordinary Resolution 8 was carried as follows:

“RESOLVED THAT subject to the Act, rules, regulations and orders made pursuant to the Act, provisions of the Constitution of the Company and the Main Market Listing Requirements of Bursa Securities and any other relevant authority, the Company be hereby given full authority, to seek shareholders’ approval for the renewal of authority for the Company to purchase such amount of ordinary shares in the Company (“Shares”) through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that:

- (i) the aggregate number of Shares so purchased and/or held pursuant to this ordinary resolution (“Purchased Shares”) does not exceed ten percent (10%) of the total issued share capital of the Company; and
- (ii) the maximum amount of funds to be allocated for the Purchased Shares shall not exceed the aggregate of the retained profits of the Company;

THAT the Directors be hereby authorised to decide at their discretion either to retain the Purchased Shares as treasury shares (as defined in Section 127 of the Act) and/or to cancel the Purchased Shares and/or to retain the Purchased Shares as treasury shares for distribution as share dividends to the shareholders of the Company and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/ or cancelled subsequently and/or to retain part of the Purchased Shares as treasury shares and/or cancel the remainder and to deal with the Purchased Shares in such other manner as may be permitted by the Act, rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT such approval and authorisation shall only continue to be in force until:

- (i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first;

AND FURTHER THAT the Directors of the Company be authorised to do all such acts and things (including, without limitation executing all such documents as may be required) as they may consider expedient or necessary to give full effect to this mandate.”

16. **CONCLUSION OF MEETING**

There being no further business, the Meeting was ended at 11:30 a.m. with a vote of thanks to Mr Chairman.

Mr Chairman thanked the shareholders and proxies for their participation in this Meeting and support to the Company.

**Queries from Minority Shareholders' Watch Group  
vide letter dated 30 August 2022**

**OPERATIONAL & FINANCIAL MATTERS**

1. The Group recorded a profit for the year of RM6,210,000 in FYE 2022 compared to RM13,176,000 in FYE 2021. This represents an unfavourable variance of RM6,966,000 or 52.9% (Page 7 of the Annual Report 2022).

Management's reply:

Our profit after tax decreased from RM13.2 million in FYE 2021 to RM6.2 million in FYE 2022 mainly due to:-

- i. Lower revenue during FYE 2022
- Our group revenue came in at 8.5% lower compared to previous year mainly due to the state and nationwide lockdowns restrictions during the period under review.
  - International logistic challenges also contributed to a contraction in our export revenue as demand was weighted down by the significantly higher logistic cost coupled with shipping delays.
  - In addition, certain of our key export markets also experienced stricter restrictions or lockdowns due to elevated COVID-19 cases. These restrictions slowed demand as projects and installation jobs are curtailed or delayed.
  - Nonetheless, the contraction in our export revenue was partially mitigated by growth in our local revenue of approximately 3.8%.

- ii. Lower gross profit margin

Our GP Margin dropped to 24% (FYE 2021: 30%) mainly as a result of the following:-

- higher cost of raw materials in FYE 2022;
- relatively more sales to lower margin markets and the sales mix of trading products; and
- lower efficiency in production mainly due to the state and nationwide lockdowns restrictions.

- iii. Increase in selling and distribution expenses

Our selling and distribution expenses increased by 35.8% to RM7.2 million (FYE 2021: RM5.3 million), mainly due to increase in freight costs as well as marketing and travelling related expenses.

- 1a) How does the Board intend to address the sharp decline in the bottom-line result recorded in FYE 2022 compared to FYE 2021?

Management's reply:

Superlon's decline in bottom-line results was attributed to the factors mentioned above.

We note that the current situation is different in certain aspects compared to FYE 2022, namely:

- i. we do not have a nationwide and state wide lockdown;
- ii. business activities have improved; and
- iii. our key export markets that were subject to lockdowns have since reopened or relaxed their COVID-19 restrictions.

However, certain challenges remain, namely:

- i. international logistics challenges - Container freight charges have trended downward recently but remain elevated compared to pre-COVID-19 prices; and
- ii. high raw material cost – NBR prices have trended downward recently but remain elevated compared to pre-COVID-19 period.



The management will monitor these market forces and respond accordingly, including managing our inventory and fine tuning our sales strategies to support our customers. Superlon will look into a multi-location production strategy to provide us with better reach, shorten delivery time, expand our capacity and penetrate into new markets.

- 1b) What is the financial performance prospect of Superlon in FYE 2023? Does the Board expect an improvement in the bottom-line result in FYE 2023?

Management's reply:

As mentioned earlier and in our latest annual report, the operating environment remains challenging as such it will not be possible for us to forecast the financial performance prospects for FYE 2023. Nonetheless, the profit potential of our businesses remains intact and we are well positioned to benefit from any recovery in the global economy and favourable changes in the market forces.

Barring unforeseen circumstances, we are cautiously optimistic on the performance of our group for FYE 2023.

2. Superlon's gross profit margin (GPM) dropped to 24% (FYE 2021: 30%) mainly due to, among others, higher cost of raw materials in FYE 2022, and relatively more sales to lower margin markets, etc. (Page 8 of the Annual Report 2022).
- 2a) Given that the higher cost of raw materials, may continue to impact the Group's GPM adversely, can the Group pass on this rising cost or a portion of it to the customers?

Management's reply:

The higher cost of raw materials can be passed on to customers progressively.

- 2b) What are the reasons for the relatively more sales in lower margin markets instead of more sales in higher margin markets?

Management's reply:

There are a combination of factors that can lead to demand for our products at any particular time, including performance of the market's economy, ongoing projects, logistic cost, exchange rate and type of products that are required.

During FYE 2022, demand from lower margin markets sustained despite the higher freight and material cost whilst higher margin markets reduced. Accordingly, the lower margin markets contributed to a higher percentage of the total revenue, which led to an erosion of the gross profit margin.

- 2c) What is the Group's targeted GPM for FYE 2023?

Management's reply:

Barring unforeseen circumstances, we aim to at least maintain the current gross profit margin. However, this should not be taken as a forecast of the future performance of the group or a forward-looking statement in any way and there is no assurance that the target will be met.

3. In FYE 2022, the Group recorded a net impairment loss on financial assets of RM117,608, which is related to trade receivables (FYE 2021: Reversal of RM72,392) (Page 56 of the Annual Report 2022).

- a) What was the reason for the increase in impairment on the trade receivables?

Management's reply:

In line with our company's practice, we have made general and specific impairment on long overdue trade receivables.

- b) What are the measures taken to recover the amount?

Management's reply:

We have employed various approaches to recover the amounts including reaching out to the customers in person, written correspondences and working out repayment schedules. Where the situation requires, we have stopped supplying to these customers.

- c) What is the amount recovered, to-date?

Management's reply:

Since the financial year ended 30 April 2022, we have recovered more than 80% of the impaired trade receivables.

4. There is a sharp increase in Other Income of RM1,336,437 in FYE 2022 compared to RM573,498 in FYE 2021 (Page 56 of the Annual Report 2022).

What are the reasons for the sharp increase in this Income? What is the outlook for Other Income in FYE 2023?

Management's reply:

The increase in other income was mainly due to higher gain on foreign exchange and disposal of PPE. We are not able to forecast the Other Income in FYE 2023 as it would depend, amongst others, on the movements of the exchange rate.

5. Superlon has two factories in Selangor, Malaysia, and one in Binh Duong, Vietnam. Superlon aims to increase production capacity moving forward (Page 6 & 11 of the Annual Report 2022).

- a) What is the current production capacity of the Company's factories, and the targeted increase in production capacity in the next two financial years?

Management's reply:

Superlon's current capacity is 10,000 tonnes per annum. We expect to maintain our capacity in Malaysia. However, should the economic conditions and market forces improve, we will consider further expansion in other geographical locations.

- b) What is the previous and current capacity utilisation rate for the Company's factories and the targeted capacity utilisation rate in FYE 2023?

Management's reply:

The utilisation rates of Superlon Group's factories are as follows:-

Utilisation rate	FYE 2022	FYE 2021
Malaysia	45%~	50%~
Vietnam	75%	75%

*Note:*

~ In compliance with SOPs during various phases of MCO.

If raw material cost and freight forwarding cost reduces to pre-Covid-19 level, the Group targets to achieve 75%-80% utilisation rate for FYE 2023/FYE 2024.

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)**

6. Are there any plans for ESG activities in the next two financial years? If so, what are they?

Management's reply:

For the past financial year, the Group has mainly focused on improving goals in respect of two stakeholders, namely the Employees' interest and the Customers' expectations as detailed in the Sustainability Statement of the Annual Report 2022. We plan to focus on improving these areas in the next two financial years.