

EUROSPAN HOLDINGS BERHAD
Company No. 199501022724 (351927-M)
(Incorporated in Malaysia)

Minutes of the Twenty Seventh (27th) Annual General Meeting (“AGM”) of Eurospan Holdings Berhad held at Angier & Borden, Level 4, The Prestige Hotel, 8 Gat Lebuh Gereja, 10300 Georgetown, Penang on Wednesday, 19 October 2022 at 10.00 a.m.

PRESENT

As per attendance list.

IN ATTENDANCE

Mr. Lim Kim Teck, the Secretary.

CHAIRMAN

Mr. Guan Kok Beng chaired the Meeting.

PRELIMINARIES

The Chairman called the Meeting to order at 10.00 a.m. and established that a quorum was present for the meeting to proceed.

NOTICE

The notice convening the meeting was taken as read.

PROCEEDINGS OF MEETING AND VOTING PROCEDURE

The Chairman explained the proceedings of the meeting and voting procedure. He informed the shareholders that in line with the Bursa Malaysia Securities Berhad’s Listing Requirements, voting on all the resolutions set out in the notice of the AGM will be carried out by way of poll and that Plantation Agencies Sdn. Berhad has been appointed as poll administrator to conduct the poll voting and Messrs. Tan Yen Yeow & Company has been appointed as the independent scrutineer (“Scrutineer”) to verify the poll results.

MEETING AGENDA AND QUESTION AND ANSWER

The Chairman informed all present that the Company has received a letter from Minority Shareholders Watch Group (“MSWG”) on 12 October 2022 wherein MSWG sought clarification on certain matters and the Company has replied to MSWG accordingly and the Chairman presented the same to the shareholders. A copy of the reply to MSWG is attached to these minutes.

The Secretary read out the questions from MSWG and the Company’s replies as attached to these minutes. The questions and replies were also projected on screen for ease of reading for all present.

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ORDINARY BUSINESSES

AGENDA 1 - AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

The Chairman tabled the Audited Financial Statements for the year ended 31 May 2022 together with the Reports of the Directors and Auditors thereon which had been made available to all the shareholders in accordance with the Company’s Constitution.

The Chairman informed the members present that the Agenda 1 was intended for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require that the Audited Financial Statements be formally approved by the shareholders and hence, it was not put forward for voting.

En. Wan Mohd Rushdi Bin W.A.Lah, a shareholder, posed the following question and the Chairman replied as follows:-

Question 1

What is your projection for the business operation? With the appreciation of United States Dollar (“USD”) against the Ringgit Malaysia (“RM”), what is the impact to the group?

Answer : The appreciation of USD against RM will definitely benefit export orientated companies. However, worldwide, current orders are slow. Many events like war and the impact of rising inflation affect incoming orders. It is difficult to foresee what is going to happen for the coming year. Even though the strong USD will benefit export oriented companies, the Company will only benefit if it manages to secure the orders from its customers.

There being no further questions from the shareholders, it was noted that the Audited Financial Statements for the year ended 31 May 2022 together with the Reports of the Directors and Auditors thereon have been laid before the shareholders at the 27th AGM.

The Chairman proceeded to table the remaining items on the agenda. There were no questions from the members and the meeting proceeded to voting by poll on ordinary resolutions 1 to 7 as set out in the notice of meeting.

Upon the votes being counted and verified by the scrutineer, the Chairman announced the results of the poll as follows:-

AGENDA 2 - ORDINARY RESOLUTION 1

To approve the payment of Directors’ fees of RM323,000 to Directors of the Company and its subsidiaries for the financial year ended 31 May 2022

Vote For		Vote Against		Results
No. of shares	Percentage (%)	No. of shares	Percentage (%)	
23,512,400	99.9996	100	0.0004	Carried

Accordingly, it was resolved that the payment of Directors’ fees of RM323,000.00 for the financial year ended 31 May 2022 to the Directors of the Company and its subsidiaries be and is hereby approved.

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AGENDA 3 - ORDINARY RESOLUTION 2

To approve the payment of benefits other than Directors’ fees of up to RM21,000 to the Directors of the Company from 20 October 2022 until the next Annual General Meeting of the Company

Vote For		Vote Against		Results
No. of shares	Percentage (%)	No. of shares	Percentage (%)	
23,512,400	99.9996	100	0.0004	Carried

Accordingly, it was resolved that the payment of benefits other than Directors’ fees of up to RM21,000.00 to the Directors of the Company from 20 October 2022 until the next Annual General Meeting of the Company be and is hereby approved.

AGENDA 4 - ORDINARY RESOLUTION 3

To re-elect Mr. Guan Shaw Yin, a Director retiring pursuant to Clauses 140 and 154 of the Company’s Constitution and who, being eligible offers himself for re-election

Vote For		Vote Against		Results
No. of shares	Percentage (%)	No. of shares	Percentage (%)	
23,512,500	100.0000	0	0.0000	Carried

Accordingly, it was resolved that Mr. Guan Shaw Yin, who retires in accordance with Clauses 140 and 154 of the Company’s Constitution, be and is hereby re-elected as a Director of the Company.

AGENDA 5 - ORDINARY RESOLUTION 4

To re-elect Mr. Guan Shaw Kee, a Director retiring pursuant to Clauses 140 and 154 of the Company’s Constitution and who, being eligible offers himself for re-election

Vote For		Vote Against		Results
No. of shares	Percentage (%)	No. of shares	Percentage (%)	
23,512,400	99.9996	100	0.0004	Carried

Accordingly, it was resolved that Mr. Guan Shaw Kee, who retires in accordance with Clauses 140 and 154 of the Company’s Constitution, be and is hereby re-elected as a Director of the Company.

AGENDA 6 - ORDINARY RESOLUTION 5

To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix the Auditors’ remuneration

Vote For		Vote Against		Results
No. of shares	Percentage (%)	No. of shares	Percentage (%)	
23,512,500	100.0000	0	0.0000	Carried

Accordingly, it was resolved that Messrs Grant Thornton Malaysia PLT be and is hereby re-appointed as Auditors of the Company for the ensuing year and that the Directors be authorised to fix their remuneration.

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SPECIAL BUSINESSES

AGENDA 7 - ORDINARY RESOLUTION 6

Authority to continue to act as an Independent Non-Executive Director

In accordance with the Practice 5.3 of the Malaysian Code on Corporate Governance 2021, voting on Ordinary Resolution 6 to approve Mr. Sim Yee Fuan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director was carried out through a two tier voting process.

Vote For		Vote Against		Results
No. of shares	Percentage (%)	No. of shares	Percentage (%)	
Tier 1 18,511,200	100.0000	0	0.0000	Carried
Tier 2 5,001,200	99.9980	100	0.0020	

Accordingly, it was resolved that the following resolution be passed as an Ordinary Resolution:-

That authority be and is hereby given to Mr. Sim Yee Fuan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company.

AGENDA 8 - ORDINARY RESOLUTION 7

Power to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

Vote For		Vote Against		Results
No. of shares	Percentage (%)	No. of shares	Percentage (%)	
23,512,500	100.0000	0	0.0000	Carried

Accordingly, it was resolved that the following resolution be passed as an Ordinary Resolution :-

“THAT subject always to the Companies Act 2016 (“Act”), Constitution of the Company and approvals of the relevant regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company from time to time at such price, 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 pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in a general meeting whichever is the earlier.

AND THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 15 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to Sections 75 and 76 of the Companies Act 2016.”

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CONCLUSION

There being no further matters to discuss, the meeting concluded at 10.56 a.m.

Confirmed as a correct record

Signed

Chairman

Date : 19 October 2022



歐展控股有限公司
EUROSPAN HOLDINGS BERHAD (351927-M)

1168, Kampung Teluk, Sungai Dua, Kawasan Perusahaan Sungai Lokan, 13800 Butterworth, Penang, Malaysia.
Tel: 604-3563727, 3563997 Fax: 604-3561728 Website: www.eurospan.com.my

Your Ref : DE/RF/RS/EUROSPAN/AGM2022

Date : 17 October 2022

Badan Pengawas Pemegang Saham Minoriti Berhad
Level 23, Unit 23-2, Menara AIA Sentral
No 30, Jalan Sultan Ismail
50250 Kuala Lumpur.

Dear Sirs,

**Re : 27th Annual General Meeting (AGM) of Eurospan Holdings Berhad (“Eurospan”)
to be held on Tuesday, 19 October 2022**

With reference to your letter dated 12 October 2022, we are pleased to enclose herewith our replies to your questions.

Yours sincerely,
For and on behalf of
Eurospan Holdings Berhad

Name : Guan Kok Beng
Executive Chairman

Operations & Financial Matters

Q1. The Company incurred a loss before tax of RM5.3 million in FYE 2022 compared to a profit before tax of RM4.1 million in FYE 2021. The Company had attributed the loss it suffered in FYE 2022 to plant shutdowns during the MCO which had disrupted production.

What are the Company's plans to return to profitability in FYE 2023?

A1. As mentioned, the Company incurred a loss before tax of RM5.3 million in FYE 2022 was mainly due to the disruption of production during the CMCO. The Company continues to explore more new export sales as well as working towards cost controlling strategies, enhancing production efficiency and effective cost management across all functions in order to improve the performance for FYE 2023.

Q2. The Company's products, which are mainly exported, have met the stringent standards set by overseas buyers. To maintain its high quality, the Company has to continuously invest in Research & Development. (R&D)

- a) What was the R&D expense in FYE 2022?
- b) How much has the Company allocated for R&D for FYE 2023?

A2. The R&D expense in FYE 2022 of RM307k mainly comprised of R&D staff payroll and material consumed during the process of R&D. For FYE 2023, the Company has allocated a budget of RM300k for R&D, which mainly consist of payroll and material cost.

Q3. The Company has a reliance to foreign labour to conduct its business. Although the Company has embraced more automation in recent years, its dependence on foreign labour is still significant.

- a) What is the ratio of foreign labour to local workers in FYE 2022?
- b) Given that the Malaysian Government made it more cumbersome to hire foreign labour, what are the Company's plans to mitigate the requirements for foreign labour in the long term?

A3. Currently, the percentage of foreign labour to the Company's total workforce is 36%, a decrease by 5% as compared to FYE 2021.

Moving forward, the Company is exploring in hiring more local workforce. Also, already in the pipeline of the Company's plan is to automate certain of its manufacturing processes. The move will not only to improve the productivity but also to reduce the dependance on foreign labour.

Q4. Other Operating Expenses increased significantly from RM836k in FYE 2021 to RM1.7 million in FYE 2022. (Page 39 of AR 2022)

What were the reasons for the sharp increase?

A4. For FYE2022, the increase in other operating expenses by approximately RM0.87million when compared to FYE2021 was mainly due to fair value loss on derivative financial instruments for FYE2022 as opposed to fair value gain on derivative financial instruments for FYE2021.

The derivative financial instruments comprised of forward foreign exchange contracts entered into with licensed banks to hedge part of the Group's sales from foreign exchange rate movements.

Nevertheless, the Group will continue to hedge part of its trade receivables from foreign exchange rate movements. Future gain or loss on derivative financial instruments will be subject to fluctuation of foreign exchange rate during the reporting period.

Corporate Governance Matters

Q1. The total fee for the internal audit function of the Company during FYE 2022 was RM 16,000. (Page 23 of AR 2022). (The revenue of the Company is RM54 million in FYE 2022).

- a) Given that the fee is rather small (approximately RM1,333.00 per month), how does the Audit Committee assure itself that there would be adequate coverage and an effective audit function?
- b) What are the areas covered by the internal auditors during FYE 2022?
- c) How many internal audit reports were issued during FYE 2022?

A1. The internal audit function is outsourced to a professional firm with a fee to be mutually agreed upon and to be based on the scope of internal work to be carried out as more stipulated in the Internal Audit Plan.

In approving the Internal Audit Plan, the Audit Committee has taken into consideration the adequacy of the plan in relation to the size of the business operations, the effectiveness of the internal controls of the Group and the results of previous internal audits.

During FYE 2022, the internal auditors covered two areas and two audit reports were issued, covering the areas of Compliance with Guidelines on Adequate Procedures pursuant to Section 17A of the MACC Act and Sales and Receivable.