Mr Chan Wen Hong presented the following queries raised by MSWG and the respective responses from the Company:

Strategy & Financial matters

Q1 As stated in the Management Discussion & Analysis, ("MDA") on page 16 of the Annual Report 2018 ("AR2018"), the Group's overall business recorded higher revenue of RM42.52 million in 2018 (2017:RM30.67 million).

However, the Group recorded net loss of RM0.40 million compared to net profit of RM0.22 million in 2017, as both plantation and non-plantation products segments experienced reduced margins resulting from weak commodity markets and higher group operating costs.

Despite the Group's best effort to develop new products and markets for both operating segments over the years, the Group's bottom line continues to decline.

What are the other measures taken to address the Group's loss-making position and declining profit margin?

R1 Plantation segment:
The Group intends to venture further into plantation ownership to complement our existing business as a plantation products and services provider. The rubber estates in Kelantan are expected to provide the Group with a stable source of recurring income once it reaches maturity.

In FY18, the Group reduced selected headcount mainly in the Research and Development ("R&D") and Technical Support Service ("TSS") teams to reduce costs.

Non-Plantation segment:

i. Growing sales of Artstone and Artlumin plant pots in export markets (primarily Australia, Canada, Europe, Japan and USA) via new and existing distributors. In FY18, we developed new relationships with distributors where we secured sales in FY19;
ii. Building Jardin Craft as the retail brand for gardening products in the Malaysian market. Sales in the Malaysian market are currently nascent and developing slowly via increased availability in selected retail stores (AEON and AEON Big) and online platforms (Lazada, Shopee and 11 Street); and
iii. Diversifying our product range through development of dinnerware using proprietarily formulated Artstone and Artlumin materials which have been made food grade for this new product range. Representatives from the Group will attend the Ambiente Trade Fair in February 2019 to further test market response.

The plans will take time to realise but the Group remains positive on the outlook.

Q2 As stated on page 7 of AR 2018, total borrowings and gearing ratios for the Group have been rising for the past five years. At the same time, the Group's cash and cash equivalents had dropped to RM5.6 million from RM8.86 million last year. What are the reasons for the increased borrowings and the increased utilisation of the cash and cash equivalents?

R2 Total borrowings and gearing ratios have been increasing over the past few years due to borrowings taken by the Group for capital investment into land, corporate office and plantation development expenditure, which are necessary for future expansion and growth. In addition, investment into plantation development and ownership require higher initial cash outlay, with revenue streams only commencing once the rubber trees achieve maturity.

Management will continue to closely monitor the Group's cash utilisation while ensuring that borrowings are only made when necessary to meet business requirements.

Q3 The Group is finalising the acquisition of 800 hectares rubber estates in Kelantan (page 18 of AR2018). How does the group expect to fund the acquisition and how will it benefit the Group?

R3 The proposed acquisition will be funded through internally generated funds, which include the proceeds from disposal of other assets and bank borrowings. The exact mix of internally generated funds and bank borrowings will be decided later.

The proposed acquisition will enable the Group to shift from being a minority shareholder of the 800 hectares of rubber estates to being the sole owner. This is in line with the Group's long-term strategy of expanding its business from supplying tools, chemicals, and fertilisers to plantations, to also include plantation ownership. Earnings for the Group are expected to benefit once tapping of the rubber trees commences.

Q4 As stated on page 76 (Note 21) of the AR 2018, the Group paid gratuity amounting to RM272,447 in FY18 to directors. What was the reason for the gratuity payment?

R4 The gratuity payment was made to a Director who retired during the financial year in recognition of his past service and contributions to the Group. He had played an instrumental role in building the Group's RRIMFLOW business (award winning gaseous stimulation system for rubber trees). He had also led our R&D and TSS teams. When he retired during the financial year, the Board was of the view that the gratuity payment was fair recognition for his past contributions despite the challenging economic conditions of the company.

Corporate Governance matter

Q5 As stated in paragraph 9.21(2), Chapter 9 of the Main Market Listing Requirements, listed companies are required to publish the summary of key matters discussed at the annual general meeting ("AGM") on companies' website. However, we note that Company did not publish the summary of key matters discussed at its AGM held in 2017.

Please take note.

R5 An extract of the 2017 AGM minutes summarising the key matters discussed has been made available on the Company's website under the Investors Relations section since 22 March 2018.

As responded to MSWG in December 2017, we will ensure that the summary of key matters discussed during the Company's AGM will be made available as soon as practicable after the conclusion of the meeting.

Mr Chan passed the chair back to the Chairman.

The Chairman then invited questions from the floor.

**SHAREHOLDERS' COMMENTS AND ENQUIRIES**

i) In response to the enquiry by Encik Norhisam Bin Sidek from MSWG's on the development of Artstone and Artlumin and increment of directors' fees, Mr Tham Kin-On ("Mr Kin-On"), the Executive Director of the Company, briefed that the Company was currently diversifying the product range through development of dinnerware using proprietarily formulated Artsone and Artlumin materials. It was also noted that the Ambiente Trade Fair mentioned by Mr Chan earlier would create opportunities for the Company to officially promote and market the product to the European market.

In relation to the increment of directors' fees, Mr Chan informed that there were no changes for the current directors' fees and the increase in fees was to facilitate the Board's intention to appoint additional Independent Non-Executive Director to meet the recommended Corporate Governance practices.

ii) Encik Ahmad Bin Ibrahim ("Encik Ahmad"), a shareholder of the Company, commented that the performance of the Company had continuously declined for the past four years. Management of the Company should avoid overspending, which could cause the Company to suffer losses. In response to Encik Ahmad's concern, Mr Kin-On informed that the declining revenue was mainly due to bad performance from the plantation segment, which was caused by lower commodities prices. He added that Management had been implementing cost-cutting measures. During the financial year, the Company also made a gratuity payment to a retired executive director who had served the Company for many years as a token of appreciation for his contribution towards the development of a significant product of the Group. The gratuity payment was a one-time expense incurred. Mr Tham Foo Keong ("Mr FK Tham") further briefed that expansion of business and diversifying products required capital and Management believed that the Group should be able to reap good returns in the future.

iii) In reply to Mr Willian Ng Kok Kiong ("Mr Willian Ng")'s enquiries on the prospect and financial position of the Company, Kin-On informed that the total plantation area was 1,200 hectares and it had been fully planted. The details of the maturity of the plant had been disclosed in the announcement to Bursa. With the proposed acquisition of 800 hectares of plantation, the Company would not only provide fertiliser and tapping tools, but also move downstream to utilise the resources for its own plantation. In relation to the prospect of natural rubber, Management believed that the demand for natural rubber was still high as it was heavily required in the tyre industry. It was envisaged that the dinnerware market would be six times bigger than the plant pot market, and the prospect of the dinnerware products could only be determined upon its roll-out. The venture into the dinnerware market was a natural horizontal expansion of its business in view of the availability of expertise similar to the plant pots. Management considered it as a natural horizontal expansion as it used the same technologies of plant pot. Mr FK Tham added that the tapping of some plantation areas might commence as early as next year.

In relation to the dividend, trade receivable, hedging of foreign exchange and non-deductible tax, Mr Kin-On said that the Board would be continuously reviewing and assessing the proposal for declaration of dividends to its shareholders. On the trade receivables, Mr Chan informed that out of the RM9.9 million trade receivables recorded as at July 2018, RM7.3 million had been collected as at to date, and Management would be monitoring closely the trade receivables balance. On matter relating to hedging, Mr Chan said that the Group did practice hedging based on the standard operating procedures set. The non-deductible tax expenses related to expenses were capital in nature.

To Mr Willian Ng's enquiry on whether the Company would be undertaking any private placement exercise, Kin-On said that there were no plans currently. Mr Willian Ng further suggested that the Company consider proposing share buy-back for shareholders' approval at the next Annual General Meeting.

iv) In reply to Mr Lai Kim Loong ("Mr Lai")'s enquiries on the planting of durian trees in addition to the rubber trees, Mr FK Tham informed that Management was currently conducting research on durian planting and if promising, the Group might commence some small-scale planting. Mr Lai further suggested that the Company consider collaborating or having joint ventures with experts in durian planting.

There being no further questions raised, the Audited Financial Statements for the financial year ended 31 July 2018, together with the Reports of the Directors and Auditors thereon, were received and noted.