

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

Strategy/Financials

Q1 The Group's top and bottom-line results had been declining over the last three financial years.

How would the Board address the issue on the Group's performance amid the challenging business environment?

R1 In the non-plantation segment, the Group's strategy is to continue efforts to increase sales for Artstone planters in underserved markets such as Japan, United Kingdom, Canada and countries in Southeast Asia. In existing markets such as USA and Europe, we regularly obtain feedback from our customers who are distributors in order to create products which are suitable for their respective markets. For example, in calendar year 2017, the Group began marketing off new shapes for Artstone planters and a new range of planters made from new material called ArtLumin. On a preliminary basis, these new Artstone shapes and new ArtLumin material appear promising. Our strategy is also to diversify our product range into dinnerware and other housewares in the near future, We believe that if successful, there is significant potential because the dinnerware and houseware markets are considerably larger than the planter market.

In the plantation segment, the Group's performance will remain challenging with weak commodity prices. The Group's strategy is still to develop and market niche products such as biofertilisers and bio pest repellents for not only rubber but also oil palm and other crops.

Operating Segment

Q2(a) The non-plantation revenue had decreased by 34.1% from RM26.4 million in Financial Year 2016 to RM17.4 million in Financial Year 2017 primarily due to lower orders from Europe.

How would the Board strategise to recover the number of orders from the Europe markets? Does the Board foresee the revenue from the external customers would be improved in Financial Year 2018?

R2(a) Please refer to response given in 1 above.

Q2(b) The Group has identified several opportunities for its business. What measures have been taken to capture the opportunities such as growing sales of Artstone plant pots, developing new non-plantation products and developing more value-added products in the plantation segment?

Please refer to the response given in 1 above. The Group actively does Research & Development on new products in both its non-plantation and plantation segments. When the Group believes there is reasonable potential for its products, it will actively conduct marketing via international trade shows and via presentations to existing customers.

Financing and Expansion

Q3 The Group is about to construct a new warehouse with an estimated cost of RM5.9 million which will facilitate the expansion of the Group's plant pot business by enabling higher utilisation of the existing factory.

Q3(a) How would the construction cost be funded?

R3(a) It will be funded by a combination of internally generated funds and external borrowings.

Q3(b) What is the current capacity of the existing factory and its utilisation rate?

R3(b) The current utilisation rate of the factory is about 100% during peak periods and about 60% on average throughout the year. In addition, we are experiencing a shortage of warehousing space to expand production at the moment. The optimal utilisation rate is approximately 85% and we expect that the new warehouse will enable us to boost production by better utilising production capacity during off peak periods.

Q3(c) What is the current estimated market demand for pots?

R3(c) We are unable to reasonably ascertain the current estimated market demand for planters due to the fragmented nature of the market. However, we are confident that there is still significant potential for growth in the planter market because there are still underserved markets for our products as indicated above.

Receivables

Q4 As reported on page 96 of the Annual Report under Key Audit Matters, the Auditors SJ Grant Thornton had focused on trade receivables that were past due but not impaired amounted to RM1,623,867.

What are the measures taken to address the recoverability of the outstanding receivables?

R4 The Management is constantly monitoring and engaging with the relevant customers for collections. Where necessary we will propose and discuss with the customers on a repayment plan. In addition, we conduct background and credit review checks for both existing and new customers.

Corporate Governance matter

Q5 Chapter 9, Paragraph 9.21(2) of the Main Market Listing Requirements required companies to publish the summary of key matters discussed at the AGMs onto the companies' website. However, we noted that the Company did not publish the summary of key matters discussed at its AGM held in 2016.

Please explain.

R5 An extract of the 2016 AGM minutes summarising the key matters discussed has been made available on the Company's website under the Investors Relations section on 20 December 2017. Going forward, 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.

There being no questions raised, the Audited Financial Statements for the financial year ended 31 July 2017, together with the Reports of the Directors and Auditors thereon, were received and noted.