

KOTRA INDUSTRIES BERHAD

[Registration No. 199901022732 (497632-P)]
(Incorporated in Malaysia)

MINUTES OF THE TWENTY-SECOND ANNUAL GENERAL MEETING OF THE COMPANY HELD AND CONDUCTED FULLY VIRTUAL BASIS THROUGH LIVE STREAMING WITH AN ONLINE REMOTE PARTICIPATION VOTING PROVIDED BY V-CUBE MALAYSIA SDN. BHD. FROM THE BROADCAST VENUE AT BO1-A-09, MENARA 2, KL ECO CITY, NO. 3, JALAN BANGSAR, 59200 KUALA LUMPUR, MALAYSIA ON FRIDAY, 26 NOVEMBER 2021 AT 10:00 A.M.

DIRECTORS

Present at Broadcast Venue

Datuk Jamaludin Bin Nasir : Chairman, Independent Non-Executive Director
Mr. Piong Teck Onn, Jimmy : Managing Director
Mr. Lee Min On : Independent Non-Executive Director

Present Remotely via Remote Participation and Voting (RPV) Facility

Madam Chin Swee Chang : Executive Director
Datuk Piong Teck Yen, Vincent : Non-Independent Non-Executive Director
DMSM, DSM, PJK, JP
Mr. Piong Chee Kien : Independent Non-Executive Director

IN ATTENDANCE

Ms. Tan Ley Theng : Company Secretary
Ms. Tan Siok Ying : Assisting the Company Secretary
Ms. Yeap Yee Shun : Assisting the Company Secretary
(*via RPV Facility*)
Mr. Patrick Wong : Representative from Messrs. Crowe Malaysia
PLT, External Auditors

BY INVITATION

Mr. Piong Chee Wei : Business Lead
Mr. Daniel Chua Chong Liang : Chief Financial Officer
Ms. Wong Huey Ling : Senior Finance Manager
Mr. Justin Kek : Accountant

MEMBERS : As per Attendance List

PROXY HOLDERS : As per Attendance List

CHAIRMAN

Datuk Jamaludin bin Nasir ("**Datuk Chairman**"), the Chairman of the Company was in the Chair.

Datuk Chairman welcomed the participation of shareholders, proxies and invitees to the Twenty-Second Annual General Meeting ("**22nd AGM**") of the Company from various locations through live streaming.

Datuk Chairman informed that as part of the corporate safety protocol in view of the current Coronavirus disease ("**Covid-19**") outbreak, the Board of Directors had decided that the 22nd AGM be held on a fully virtual basis via live streaming and online voting from the Broadcast Venue using remote participation and voting (RPV) facility.

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This was in line with the Guidance and Frequently Asked Questions on Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, listed issuers were encouraged to conduct fully virtual general meetings during the National Recovery Plan.

Datuk Chairman proceeded to introduce members of the Board, the Chief Financial Officer, Messrs. Crowe Malaysia PLT, the External Auditors and the Company Secretary who were present at the Broadcast Venue. Datuk Chairman then introduced the remaining three (3) Directors who participated in this AGM remotely.

QUORUM

With the requisite quorum being present pursuant to Clause 95 of the Company's Constitution, Datuk Chairman declared the Meeting duly convened.

The Meeting was informed that the Company was using 22 November 2021 as the determinant date of the General Meeting Record of Depositors, being the cut-off date for determining who should be entitled to participate in the 22nd AGM.

NOTICE OF MEETING

The Notice convening the Meeting having been circulated within the prescribed period was, with the permission of the Meeting, taken as read.

POLL VOTING

Datuk Chairman informed the Meeting that in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the proposed resolutions set out in the Notice convening the Meeting would be voted by poll.

Datuk Chairman then highlighted to the shareholders and proxies present virtually at the Meeting of their right to ask questions in relation to the Agenda items for the Meeting and vote on the resolutions to be tabled at the AGM. Datuk Chairman further informed that in his capacity as Chairman of the Meeting, he had been appointed as proxy by some shareholders who were unable to participate in the Meeting, and would be voting as their proxy in accordance with their voting instructions, where indicated.

The Meeting was advised that, as explained in the Administrative Guide accompanying the Notice of the AGM, shareholders and proxies could send in questions in real time by transmitting them via the Questions' Panel before the Meeting to the Chairman or the Board of Directors via RPV in relation to the Agenda items for the Meeting.

As there was no legal requirement for a proposed resolution to be seconded, Datuk Chairman took the Meeting through each item on the Agenda. The Meeting proceeded with the "Question and Answer" session upon completion of deliberations of all items to be transacted at the Meeting, prior to the poll voting session. Shareholders and proxies were informed that they could proceed to cast and submit their votes from the start of the Meeting, should they wish to, until the closure of the voting session to be announced.

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VOTING PROCEDURES

The Company Secretary advised that shareholders, corporate representatives and proxies who were attending the Meeting remotely, could ask questions by transmitting the same in the Communication Chat Box. For smooth running of the proceedings of the Meeting, the "Question and Answer" session would be conducted after all the items on the Agenda had been read.

In the interest of time, the Board might not be able to address all questions received. Accordingly, similar questions received would be grouped and combined to avoid repetition, and might also be summarised for expediency. If there was time constraint, the responses would be e-mailed to the respective shareholders and proxies at the earliest possible, after the AGM.

The Company Secretary highlighted that while the Company had taken all efforts to ensure a smooth live streaming, the quality of the broadcast might be affected by the participants' own internet bandwidth connection and stability.

The Meeting was informed that the Company had appointed V-cube Malaysia Sdn. Bhd. as the Poll Administrator to conduct the online electronic polling process. SLCC Networks Sdn. Bhd. would act as the Independent Scrutineers to verify the results of the poll.

A short video clip was played at the Meeting showing the step-by-step guide on the online voting module to guide shareholders and proxies on where and how they could post their questions on the communication chat box.

PRESENTATION BY BUSINESS LEAD

Datuk Chairman invited the Business Lead of the Group, Mr. Piong Chee Wei, Simon ("**Mr. Simon Piong**") to give a brief presentation on the overview of the Group's financial highlights and operational updates for the financial year ended 30 June 2021 ("**FYE 2021**").

The Meeting noted the following financial highlights presented by Mr. Simon Piong on the Group's operation for the FYE 2021:-

- Total revenue of RM159.6 million showed a decline of 7% from that of RM171.7 million achieved in last financial year ended 30 June 2020 ("**FYE 2020**").;
- The sales of the Company had been fully impacted by the Covid-19 outbreak;
- Net profit after taxation for FYE 2021 was lower than FYE 2020 due to the derecognition of deferred tax assets in FYE 2021, as compared to the actual performance of the taxation for the past two (2) financial years;
- The Group's price-to-earnings ratio for FYE 2021 was reflective of the industry benchmark; and
- Gearing ratio had been steadily going downward trend towards the manageable level.

The Meeting noted the Group's operational updates as follows:-

- a) Stagnant revenue growth over the last three (3) years was attributed to, among others, the following:-

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- i) Rationalisation of the Group's product portfolio and reconfiguration of business operations strategies, which involved the discontinuation of non-performing products.
 - ii) Embarking on the change of advertising channel from traditional media platform to digital marketing and social media platforms; and
 - iii) COVID-19 has affected demand for the products of the Group, especially with the low number of patients at GP clinics and private hospitals in the second half of year 2020.
- b) The Group planned to expand its current facilities with the construction of a new, automated bulk handling warehouse opposite of the Kotra Pharma Technology Centre, Block B, to cater for storage and warehousing needs. Preparations were underway and construction of the warehouse was planned to commence in the beginning of 2022.

This new warehouse would have a storage capacity of approximately 20,000 pallets and fully comply with the relevant regulations for storage and handling of pharmaceutical products. In addition to the new warehouse, the Group will invest in the following lines:-

- One high speed sterile PFS line (mRNA abled);
- One sterile eye-drop line, one sterile gel line and one complete steroid line.

Lastly, Mr. Simon Piong informed the Meeting that the Group's expansion for overseas market was targeted at 60% by year 2025.

Datuk Chairman thanked the Business Lead for his presentation and continued with the proceedings of the Meeting.

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND THE AUDITORS THEREON

Datuk Chairman informed the Meeting that the first item on the Agenda was to receive the Audited Financial Statements for the financial year ended 30 June 2021, together with the Reports of the Directors and the Auditors thereon.

Datuk Chairman explained that the Audited Financial Statements for the financial year ended 30 June 2021 were meant for discussion only, as they did not require shareholders' approval under Section 340(1)(a) of the Companies Act 2016. As such, the Audited Financial Statements would not be put forward for voting. However, shareholders and proxies could pose questions in relation to Agenda 1 item during the "Question and Answer" session.

Datuk Chairman declared that the Audited Financial Statements for the financial year ended 30 June 2021, together with the Reports of the Directors and the Auditors thereon, be received.

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Datuk Chairman reminded the Meeting that voting was already open, and shareholders and proxies could cast their votes at any time until the announcement of the closure of poll voting.

2. ORDINARY RESOLUTION 1
PAYMENT OF FINAL SINGLE-TIER DIVIDEND OF 7 SEN PER ORDINARY SHARE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Datuk Chairman announced that Ordinary Resolution 1 was to seek shareholders' approval for the declaration of a final single-tier dividend of 7 sen per ordinary share for the financial year ended 30 June 2021.

If approved, this final single-tier dividend would be paid on 9 December 2021 to the shareholders whose names were registered in the Record of Depositors as at 30 November 2021.

3. ORDINARY RESOLUTION 2
APPROVAL OF PAYMENT OF DIRECTORS' FEES AMOUNTING TO RM380,000 FROM 27 NOVEMBER 2021 UNTIL THE NEXT AGM OF THE COMPANY IN YEAR 2022

Datuk Chairman advised the Meeting that the next item on the Agenda was to approve the payment of Directors' fees amounting to RM380,000.00 payable to the Directors from 27 November 2021 until the next AGM of the Company in year 2022.

4. ORDINARY RESOLUTION 3
APPROVAL OF THE PAYMENT OF DIRECTORS' BENEFITS PAYABLE UP TO AN AMOUNT OF RM26,000.00 FROM 27 NOVEMBER 2021 UNTIL THE NEXT AGM OF THE COMPANY IN YEAR 2022

Datuk Chairman presented Ordinary Resolution 3 in respect of the payment of Directors' benefits up to an amount of RM26,000.00 from 27 November 2021 until the next AGM of the Company in year 2022.

The Directors' benefits comprised meeting allowances, which were estimated according to size of the Board and Board Committees and the number of scheduled Board and Board Committee meetings to be held from 27 November 2021 until the next AGM in year 2022.

5. ORDINARY RESOLUTIONS 4 AND 5
RE-ELECTION OF THE FOLLOWING DIRECTORS WHO RETIRED IN ACCORDANCE WITH CLAUSE 118 OF THE COMPANY'S CONSTITUTION:
(A) CHIN SWEE CHANG
(B) DATUK JAMALUDIN BIN NASIR

The Audit Committee Chairman and Independent Non-Executive Director, Mr. Lee Min On took over the chairmanship from Datuk Chairman to chair the next two (2) Ordinary Resolutions pertaining to the re-election of Directors who were retiring by rotation pursuant to the Company's Constitution.

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The Meeting was informed that pursuant to Clause 118 of the Company's Constitution, Madam Chin Swee Chang and Datuk Jamaludin bin Nasir, who were retiring as Directors of the Company and being eligible, had offered themselves for re-election.

Mr. Lee handed over the chairmanship to Datuk Chairman to chair the next item on the Agenda.

6. ORDINARY RESOLUTION 6 **RE-APPOINTMENT OF MESSRS. CROWE MALAYSIA PLT AS AUDITORS OF THE COMPANY AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION**

Datuk Chairman proceeded with Ordinary Resolution 6 in respect of the re-appointment of Messrs. Crowe Malaysia PLT as Auditors of the Company. The retiring auditors, Messrs. Crowe Malaysia PLT, had expressed their willingness to continue in office and to hold office until the conclusion of the next Annual General Meeting of the Company.

The Meeting was informed that the Audit Committee and the Board had reviewed the Messrs. Crowe Malaysia PLT's suitability, objectivity and independence as Auditors of the Company for the past financial year and were satisfied with their effectiveness and performance as External Auditors of the Company.

SPECIAL BUSINESS

7. ORDINARY RESOLUTION 7 **AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016**

Datuk Chairman advised that the next item on the Agenda was a Special Business to consider and, if thought fit, pass an Ordinary Resolution to authorise the Directors to issue Shares pursuant to the Companies Act 2016.

Datuk Chairman informed that the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental and/or regulatory authorities allowed, as an interim measure, for listed corporations, to issue and allot securities to not more than 10% of the total number of issued shares of the Company for the time being ("**10% General Mandate**").

The Meeting was informed that this 10% General Mandate would provide flexibility to the Directors of the Company to undertake any possible fund-raising activities, including but not limited to placement of shares for the purpose of funding Company's current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or such other purposes as the Directors may deem fit, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.

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8. ORDINARY RESOLUTION 8 PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Datuk Chairman highlighted that the motion as indicated in Ordinary Resolution 8 was in relation to the Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature ("**Proposed Shareholders' Mandate**").

The details and rationale of the Proposed Shareholders' Mandate were provided in the Circular to Shareholders dated 28 October 2021 ("**Circular**") accompanying the 2021 Annual Report.

As disclosed in the Circular, the Interested Directors, Major Shareholders and Persons Connected to Interested Directors had abstained from all deliberations and voting on matters in relation to the Proposed Shareholders' Mandate.

The Interested Directors and Interested Major Shareholders had also undertaken to ensure that persons connected with them would abstain from voting in respect of their direct or indirect interests pertaining to Ordinary Resolution 8 at the Meeting.

9. ANY OTHER BUSINESS

Datuk Chairman sought confirmation from the Company Secretary whether the Company had received any notice for transaction of other business at this Meeting.

The Company Secretary confirmed that the Company had not received any notice for transaction of any other business at the Meeting.

10. QUESTION AND ANSWER SESSION

After tabling of all resolutions, Datuk Chairman announced that the Meeting was opened for Questions and Answer session.

The Meeting was earlier notified that due to time constraint, the Chairman or the Board might not be able to address all questions received. These questions would be moderated to avoid repetition and might also be summarised for brevity.

A summary of questions received together with summarised responses by the Company was annexed to these Minutes and marked as Annexure "**A**".

Datuk Chairman then announced the closure of the "Question and Answer" session and informed that the shareholders, corporate representatives and proxies, whose questions were not addressed at the Meeting, would receive electronic mail response from the Company soonest as practicable.

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11. POLL VOTING

The Chairman announced that the voting session would continue for another 8 minutes to allow shareholders, corporate representatives and proxies to complete their voting via the RPV facility.

After 8 minutes, Datuk Chairman announced the closure of the voting session and the Meeting was adjourned for the Scrutineers to verify the poll results.

12. ANNOUNCEMENT OF POLL RESULTS

The Meeting resumed at 11:25 a.m. for the declaration of the poll results which had been verified by the Independent Scrutineers, SLCC Networks Sdn. Bhd.

Based on the report from the Independent Scrutineers, Datuk Chairman announced the poll results as follows:-

12.1 Approval of a final single-tier dividend of 7 sen per ordinary share for the financial year ended 30 June 2021

Resolution	Vote in Favour		Vote Against		Results
	No. of shares	%	No. of shares	%	
Ordinary Resolution 1	92,292,256	99.9999	1	0.0001	Carried

Datuk Chairman declared that Ordinary Resolution 1 was **CARRIED** as follows:-

"That the declaration of a final single-tier dividend of 7 sen per ordinary share for the financial year ended 30 June 2021 be and is hereby approved."

12.2 Approval of the Payment of Directors' Fees amounting to RM380,000.00 from 27 November 2021 until the next AGM of the Company in year 2022

Resolution	Vote in Favour		Vote Against		Results
	No. of shares	%	No. of shares	%	
Ordinary Resolution 2	92,288,874	99.9971	2,683	0.0029	Carried

Datuk Chairman declared that Ordinary Resolution 2 was **CARRIED** as follows:-

"That the payment of Directors' fees amounting to RM380,000.00 from 27 November 2021 until the next AGM of the Company in 2022, be and is hereby approved."

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12.3 Approval of the Payment of Directors' benefits payable up to an amount of RM26,000.00 from 27 November 2021 until the next AGM of the Company in year 2022

Resolution	Vote in Favour		Vote Against		Results
	No. of shares	%	No. of shares	%	
Ordinary Resolution 3	92,289,574	99.9971	2,683	0.0029	Carried

Datuk Chairman declared that Ordinary Resolution 3 was **CARRIED** as follows:-

"That the payment of Directors' benefits payable up to an amount of RM26,000.00 from 27 November 2021 until the next AGM of the Company in 2022, be and is hereby approved."

12.4 Re-election of Madam Chin Swee Chang who retired in accordance with Clause 118 of the Company's Constitution

Resolution	Vote in Favour		Vote Against		Results
	No. of shares	%	No. of shares	%	
Ordinary Resolution 4	92,289,576	99.9971	2,681	0.0029	Carried

Datuk Chairman declared that Ordinary Resolution 4 was **CARRIED** as follows:-

"That Madam Chin Swee Chang who retired in accordance with Clause 118 of the Company's Constitution, be re-elected to serve on the Board of Directors of the Company."

12.5 Re-election of Datuk Jamaludin Bin Nasir who retired in accordance with Clause 118 of the Company's Constitution

Resolution	Vote in Favour		Vote Against		Results
	No. of shares	%	No. of shares	%	
Ordinary Resolution 5	92,287,574	99.9949	4,683	0.0051	Carried

Datuk Chairman declared that Ordinary Resolution 5 was **CARRIED** as follows:-

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"That Datuk Jamaludin Bin Nasir who retired in accordance with Clause 118 of the Company's Constitution, be re-elected to serve on the Board of Directors of the Company."

12.6 Re-appointment of Messrs. Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration

Resolution	Vote in Favour		Vote Against		Results
	No. of shares	%	No. of shares	%	
Ordinary Resolution 6	92,289,576	99.9971	2,681	0.0029	Carried

Datuk Chairman declared that Ordinary Resolution 6 was **CARRIED** as follows:-

"That Messrs. Crowe Malaysia PLT be hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next AGM and that authority be and is hereby given to the Directors to determine their remuneration."

12.7 Authority to Issue Shares pursuant to the Companies Act 2016

Resolution	Vote in Favour		Vote Against		Results
	No. of shares	%	No. of shares	%	
Ordinary Resolution 7	92,288,274	99.9964	3,283	0.0036	Carried

Datuk Chairman declared that Ordinary Resolution 7 was **CARRIED** as follows:-

"THAT, subject always to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Companies Act 2016, to issue and allot shares in the capital of the Company from time to time at such price and to such persons, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being.

AND THAT the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Malaysia Securities Berhad;

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AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

12.8 Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature

Resolution	Vote in Favour		Vote Against		Results
	No. of shares	%	No. of shares	%	
Ordinary Resolution 8	4,598,746	99.9287	3,283	0.0713	Carried

Datuk Chairman declared that Ordinary Resolution 8 was **CARRIED** as follows:-

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue and trading nature with the Related Parties as specified in Section 2.3.2(a) of the Circular to Shareholders dated 28 October 2021, which are necessary for the day-to-day operations of the Company and/or its subsidiaries ("Group"), to be entered by the Group in the ordinary course of business and are on terms which are not more favourable to the Related Parties with which such recurrent transactions to be entered into than those generally available to the public and are not detrimental to the minority shareholders.

THAT the authority for the Proposed Shareholders' Mandate shall continue to be in force until: -

- (i) the conclusion of the next AGM of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;*
- (ii) the expiration of the period within which the next AGM is to be held pursuant to Section 340(2) of the Companies Act 2016 but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016; or*
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting.*

whichever is earlier.

AND THAT the Directors of the Company be authorised to complete and do such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give full effect to the Proposed Shareholders' Mandate."

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CONCLUSION

At 11.30 a.m., Datuk Chairman declared the 22nd AGM of the Company closed and thanked all shareholders and proxies present for their participation.

Datuk Chairman also thanked Management and everyone involved in making this virtual AGM a successful event.

A vote of thanks was accorded to the Chair.

SIGNED AS A CORRECT RECORD

CHAIRMAN
DATUK JAMALUDIN BIN NASIR

Dated: 26 November 2021

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RESPONSES TO QUESTIONS RAISED DURING THE TWENTY-SECOND ANNUAL GENERAL MEETING ("22ND AGM") OF THE COMPANY HELD ON 26 NOVEMBER 2021

E-VOUCHERS/E-WALLET

1. Dear BOD - Kindly give us some e-vouchers, food vouchers or e-wallet for being loyal shareholders and attending this meeting. Times are bad now. Please be considerate to us shareholders during these trying times. TQ. (Stephen Lye Tuck Meng)
2. As a reward to shareholders, will there be e-vouchers for shareholders who attend this AGM? (Lau Sow Been)
3. Any redemption of supplements such as Appeton and vitamins in order to strengthen our immune system due to the Covid-19? (Loo Yeo Ming)

Our Response to Question 1, 2 & 3:

The Board of Directors thanked all shareholders and proxies for participating in the Company's virtual AGM. The Managing Director explained that the Company will not be providing e-vouchers, e-wallet or supplements or door gifts for shareholders or proxies who participate in the virtual AGM as this is also in line with the Group's measures to contain operating expenses, given the challenging and uncertain economic outlook caused by the COVID-19 pandemic.

The better reward to the shareholders will be presenting a true and fair view of the Company's financial statements and distribution of dividends. Nevertheless, the Board will vigilantly ensure the resilience of the Group by striking a balance between ensuring the sustainability of the Group by conserving cash and dividend payment to shareholders during this uncertain and challenging period.

PRODUCTS

4. Any plan for the Company to manufacture anti-covid pill proprietary held by Pfizer, Merck or Astrazeneca ("AZ")? (Wong Weng Yew)

Our Response to Question 4:

Due to the Group's nature of business, every product development would require 2 to 4 years of gestation period. For the current situation, it was not practicable to produce the anti-covid pill in time for the current pandemic. Besides, according to the presentation by our Business Lead, Mr. Simon Piong earlier, every planning on development will require 3 to 4 years in advance from development to commercialisation a new product.

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BUSINESS STRATEGY/OPERATIONS

5. What reason for Profit After Tax ("PAT") margin increased a lot to about 25%-30% while revenue remained at the same level? Thank you. (Ng Siew Pek)

Our Response to Question 5:

There was a slight decrease in revenue for FYE 2021 due to decreased sales in the international markets. However, a lift in demand for health supplements products in the local market managed to relief the impact of decline in international markets.

The increase in profit before tax margin was a result of the Group's lower operating expenses due largely to cost rationalisation measures, a strategic approach undertaken in view of the lockdown/movement restrictions period locally and overseas.

6. Is Kotra to focus on the sales of higher margin products in order to sustain or further increase current's PAT margin? (Ng Siew Pek)

Our Response to Question 6:

The shift to higher profit margin products was a continuous process. In pharmaceutical industry, the common products were being manufactured by different pharmaceutical companies, thus competition risk was high. Competition was strong in the pharmaceutical distribution sector with aggressive margin pressure from competitors. Effort was also continually directed at securing more competitive pricing from alternate sources, reducing wastage and eliminating inefficiencies in operations in order to preserve profit margins.

The disruption in global supply chain arising from COVID-19 pandemic has also caused unexpected price movements. In this regard, measures to source alternative suppliers so that additional critical inventory could be secured in the event of disruptions had been drawn up and was continually enhanced as appropriate.

7. Regarding the Board of Directors' ("BOD") fees, what values can provide coming years, for example, high cost of living due to inflation, double dividends and frequency, reconsider door gift, bonus issue. What action will BOD undertake if the value is not satisfactorily achieved in the coming years, for example, pay cut or VSS. (Loo Yeo Ming)

Our Response to Question 7:

The Board had been prudent and conservative in delivering their duties.

In line with the best corporate governance practices, the Board has in place policies and procedures to determine the remuneration of its Directors, which

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took into account various factors including the complexities and performance of the Company.

The Directors' fees and the total amount of benefits payable to the Non-Executive Directors were tabled for the shareholders' approval at Annual General Meeting. The factors considered by the Board in determining the Board remuneration include the responsibilities and contribution levels of individual members in terms of statutory duties, fiduciary duties, complexity of work, time commitment and effort.

The Board was not in the position to make any projection for profit for the coming years. As the pandemic landscape had been getting slightly better than last financial year, the Board would have better traction to consider the market competitiveness and to propose any revision to the Directors' fees.

8. As far as I know, it has been reported in the media that Kotra this year has achieved highest net profit within 10 years duration. Can I know what is the reason behind this great achievement? (Teo Jing Yang)

Our Response to Question 8:

The Company did well as compared to the performance trend of past years. However, the Company had suffered the impact in the past 2 years due to the Covid-19 pandemic. COVID-19 related impacts and restrictions globally drove up costs and expenses, especially raw materials and logistics costs, which were significant expenses to the Group.

The Company was slowly recovering from the fallout of COVID-19 and has undertaken internal restructuring to continuously improve the profit margin. The improvement was not an overnight phenomenon as the trend was found to have manifested 10 years ago which was not extraordinary and unexpected.

9. Kotra has cost control measures in this covid period? Will it continue cost control measure after covid? Thank you. (Ng Siew Pek)

Our Response to Question 9:

There was no one-size-fits-all solution and regardless of which method the Company had adopted during the Covid-19, this may not be necessarily applicable moving forward. The Company will look into the landscape and challenges and will introduce appropriate control measures where necessary.

There was a certain level of cost control that could not be reduced further. For example, succession planning was an integral part of the Board's corporate governance practices. As such, the Board would need to ensure the remuneration package offered by the Company, should be sufficient to attract, retain and motivate the right talent that will help the Company's business goals and strategies.

KOTRA INDUSTRIES BERHAD

[Registration No. 199901022732 (497632-P)]
(Incorporated in Malaysia)

(Responses to the Questions raised during the 22nd AGM of the Company held on 26 November 2021 – cont'd)

Securities Commission Malaysia advocated the urgent need for companies to manage environmental, social and governance ("ESG") risks and opportunities, with the introduction of new best practise to the Malaysian Code on Corporate Governance that emphasised the need for collective action by the Board of Directors and Senior Management.

The global commitment and acceleration of efforts to transition towards a net zero economy has resulted in demand for greater action on the part of the Company. The Company will not cut cost to compromise on ESG matters. Instead, there would be additional costs to be incurred for implementing proactive and effective measures to anticipate and address material ESG risks and opportunities.