

XIN HWA HOLDINGS BERHAD
Registration No. 201301002265 (1032102-P)
(Incorporated in Malaysia)

Minutes of the Tenth Annual General Meeting of the Company conducted on a virtual basis from Jalan Ampang Hilir, 55000 Kuala Lumpur via online meeting platform provided by Tricor Investor & Issuing House Services Sdn. Bhd. at <https://tiih.online> on Wednesday, 30 August 2023 at 11.00 a.m.

Present : Tan Sri Dr. Suleiman Bin Mohamed
(Independent Non-Executive Chairman)

Mr. Ng Aik Chuan
(Managing Director)

Mr. Ng Yam Pin
(Executive Director)

Mr. Kok Poh Fui
(Executive Director)

Ms Teo Siok Kee
(Executive Director)

Datuk Leong Kam Weng
(Independent Non-Executive Director)

Mr. Liew Chek Leong
(Independent Non-Executive Director)

Members and proxies logged-in to participate remotely via the online meeting platform at <https://tiih.online>

By Invitation : Invitees logged-in to participate remotely via the online meeting platform at <https://tiih.online>

In Attendance : Ms Seow Fei San
(Company Secretary)

Ms Tan Yoke Khim
(Representative of Epsilon Advisory Services Sdn. Bhd.)

CHAIRMAN

Tan Sri Dr. Suleiman Bin Mohamed presided as Chairman of the Meeting and welcomed the members and proxies to the Tenth Annual General Meeting ("Tenth AGM") of the Company.

Before the Chairman called the meeting to order, the members were informed that the Tenth AGM scheduled for today would be conducted virtually through live streaming and online remote voting using the Remote Participation and Voting facilities from the broadcast venue as stated in the Notice of Tenth AGM dated 31 July 2023 ("Notice").

NOTICE

The Notice convening the Tenth AGM having been circulated earlier to all members, Bursa Malaysia Securities Berhad and Auditors in accordance with the Company's Constitution within the prescribed period was taken as read.

INTRODUCTION OF BOARD MEMBERS AND MANAGEMENT

The members of the Board of Directors ("Board") and the Company Secretary present and participated remotely were introduced to the members.

The Meeting was further informed that Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor"), the poll administrators, Scrutineer Solutions Sdn. Bhd. as independent scrutineer to verify the poll results and the representatives of the auditors, Crowe Malaysia PLT were also participating remotely.

QUORUM

The requisite quorum being present, the meeting was called to order.

The Meeting was informed that all proposed resolutions set out in the Notice would be put into consideration through poll voting. The members and proxies present were informed that the voting process for all proposed resolutions would be carried out after the discussion of all agenda items of the meeting.

PRESENTATION ON VOTING PROCEDURE

To facilitate the remote voting via Tricor's TIIH online website, the Chairman invited Tricor to share a short video on the voting procedure and how to raise questions at the meeting through the online meeting platform.

PRESENTATION ON GROUP BUSINESS OVERVIEW AND FINANCIAL HIGHLIGHT

After the briefing by Tricor, the Chairman then invited Mr. Ling Wei Kae, the Company's Finance Manager to present the Group's business overview and financial highlights for the financial year ended 31 March 2023 and future prospects to the members.

Upon completion of the presentation, the Meeting proceeded with the first agenda item of the meeting.

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

The Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 March 2023 ("Financial Statements") having been circulated to all the members of the Company within the statutory period were laid before the meeting.

The Chairman then informed the members that their approval on the Financial Statements was not required pursuant to the provision of Section 340(1) of the Companies Act 2016 and thus, the matter would not be put for voting.

The Chairman informed that should any of the members have any question on the agenda item, members could use the text box provided on the online platform to transmit their questions. Responses would be provided to questions submitted during the Question and Answer ("Q&A") session after tabling all the resolutions.

The Financial Statements were duly received and noted by the members.

2. PAYMENT OF DIRECTORS' FEES

The Meeting proceeded to consider the proposed payment of Directors' fees to the Non-Executive Directors of up to an amount of RM400,000.00 with effect from 31 August 2023 until the next annual general meeting ("AGM") of the Company.

The Meeting was informed that the figure was calculated with the assumption that there was no adjustment to the Directors' fees and there was no change in the Board size during the aforesaid period.

The Meeting was further informed that the Directors who had interest in this resolution and were members of the Company would abstain from voting for this resolution.

The following motion was then put to the members, to be voted by poll after the Q&A session:-

"THAT the payment of Directors' fees of up to RM400,000 to the Non-Executive Directors for their services as Directors of the Company with effect from 31 August 2023 until the next annual general meeting of the Company be and is hereby approved."

3. PAYMENT OF DIRECTORS' BENEFITS

Agenda item no. 3 in relation to payment of Directors' benefits of up to RM60,000.00 payable to the Non-Executive Directors, excluding Directors' fees, with effect from 31 August 2023 until the next AGM of the Company, was tabled for consideration.

The Chairman informed that as stated in the explanatory notes to the Notice, the proposed amount of RM60,000.00 consists of meeting attendance fees for Non-Executive Directors, calculated based on the number of scheduled meetings for the period 31 August 2023 until the next AGM. The interested directors who were also members of the Company would abstain from voting on this resolution.

The following motion was then put to the members, to be voted by poll after the Q&A session:-

“THAT the payment of Directors’ benefits (excluding Directors’ fees) of up to RM60,000 to the Non-Executive Directors with effect from 31 August 2023 until the next annual general meeting of the Company be and is hereby approved.”

4. RE-ELECTION OF DIRECTORS

The Chairman informed the Meeting that in accordance with the Company’s Constitution, the following Directors would retire and being eligible, had offered themselves for re-election:

- Mr. Ng Aik Chuan and Datuk Leong Kam Weng, retiring pursuant to Article 107(1)(b); and
- Ms Teo Siok Kee retiring pursuant to Article 107(1)(a).

Accordingly, the following motions were put to the members, to be voted by poll after the Q&A session:-

Re-election of Mr. Ng Aik Chuan

“THAT Mr. Ng Aik Chuan retiring pursuant to Article 107(1)(b) of the Company’s Constitution, be and is hereby re-elected as Director of the Company.”

Re-election of Datuk Leong Kam Weng

“THAT Datuk Leong Kam Weng retiring pursuant to Article 107(1)(b) of the Company’s Constitution, be and is hereby re-elected as Director of the Company.”

Re-election of Ms Teo Siok Kee

“THAT Ms Teo Siok Kee retiring pursuant to Article 107(1)(a) of the Company’s Constitution, be and is hereby re-elected as Director of the Company.”

5. APPOINTMENT OF AUDITORS

The Chairman informed that the retiring auditors Crowe Malaysia PLT had expressed their willingness to continue office.

The following motion was then put to the members, to be voted by poll after the Q&A session:-

“THAT Crowe Malaysia PLT be and are hereby appointed Auditors of the Company to hold office until the conclusion of the next annual general meeting and that the Directors be and are hereby authorised to determine their remuneration.”

6. RETENTION OF INDEPENDENT DIRECTORS

The Chairman informed the Meeting that the next 3 proposed motions were to consider the retention of himself, Datuk Leong Kam Weng and Mr. Liew Chek Leong as the Company's Independent Directors upon the term of full 9 years serviced on the Board as Independent Non-Executive Directors.

The Chairman informed that he had served on the Board as Independent Non-Executive Chairman for a cumulative period of more than 8 years and the Board had proposed to retain him as Independent Director upon term of 9 years on 1 January 2024.

The Chairman further informed that the Board also wished to seek members' approval to retain both Datuk Leong Kam Weng and Mr. Liew Chek Leong, who had served on the Board as Independent Non-Executive Directors for more than 9 years.

Accordingly, the following motions were put to the Meeting, to be voted upon by the members after the Q&A session:-

Retention of Tan Sri Dr. Suleiman Bin Mohamed as Independent Director

“THAT Tan Sri Dr. Suleiman Bin Mohamed be and is hereby retained as Independent Non-Executive Chairman of the Company and he shall continue to act as an independent director upon reaching his cumulative term of nine (9) years on 1 January 2024.”

Retention of Datuk Leong Kam Weng as Independent Director

“THAT Datuk Leong Kam Weng be and is hereby retained as Independent Non-Executive Director of the Company and he shall continue to act as an independent director notwithstanding that he has been on the Board of Directors of the Company for a cumulative term of more than nine (9) years.”

Retention of Mr. Liew Chek Leong as Independent Director

“THAT Mr. Liew Chek Leong be and is hereby retained as Independent Non-Executive Director of the Company and he shall continue to act as an independent director notwithstanding that he has been on the Board of Directors of the Company for a cumulative term of more than nine (9) years.”

7. AUTHORITY TO ISSUE SHARES

The Meeting proceeded to consider the motion on giving authority to the Board to allot shares of the Company as set out in the Notice.

The proposed resolution as detailed hereunder was put to the Meeting for consideration and would be put to poll voting:

“THAT subject always to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Section 75 of the Companies Act 2016 to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting 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 allotted pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being.

AND THAT pursuant to Article 56 of the Constitution, direction to the contrary of pre-emptive rights under Section 85 of the Companies Act 2016 be and is hereby given for the Directors to offer and issue new shares of the Company ranking equally to the existing shares of the Company pursuant to the aforesaid authority, to such persons for such consideration as the Directors deem fit and in the best interest of the Company.”

8. ANY OTHER BUSINESS

The last item on the agenda for the meeting was to transact any other business of which due notices shall have been received in accordance with the Companies Act 2016. The Meeting noted that no notice of any other business for transacting at the meeting was received.

9. QUESTION AND ANSWER (“Q&A”) SESSION

The Meeting then proceeded to the Q&A session.

It was informed that the Company had received some questions from Minority Shareholders Watch Group (“MSWG”) prior to the meeting and responses to the questions raised were projected and read out at the meeting for information of the members. The responses to questions raised by MSWG were appended to this Minutes.

Apart from the questions raised by MSWG, there were 2 questions submitted by members through TIIH online, regarding prospect of the Group and target completion and expected utilisation rate/revenue of the integrated logistic hub at Pasir Gudang.

As the first question on prospect was similar to the question raised by MSWG, members were asked to refer to the reply to MSWG's letter. As for the second question on the integrated logistic hub at Pasir Gudang, Mr. Kok Poh Fui responded that the construction of the new warehouse was targeted to complete around mid of year 2025 and based on the utilisation rate of the current warehouses of the Group, the Management was confident that the new warehouse could achieve utilisation rate up to 90% in 6 to 12 months from the commencement of its operations.

10. TAKING OF POLL AND ANNOUNCEMENT OF RESULT

Upon the conclusion of the Q&A session, the Chairman requested the members and proxies to cast their votes remotely.

The meeting was then adjourned for votes counting and the verification of poll results by the independent scrutineer.

The meeting resumed at 12.05 p.m. and the poll results, as shown below, was presented to the Meeting:

No.	Ordinary Resolution	Voted For		Voted Against	
		No. of Shares	%	No. of Shares	%
1	Payment of Directors' Fees	142,035,641	99.9812	26,700	0.0188
2	Payment of Directors' Benefits	142,035,621	99.9812	26,700	0.0188
3	Re-election of Mr. Ng Aik Chuan as Director	142,395,541	99.9812	26,800	0.0188
4	Re-election of Datuk Leong Kam Weng as Director	142,395,621	99.9812	26,720	0.0188
5	Re-election of Ms Teo Siok Kee as Director	142,395,641	99.9813	26,700	0.0187
6	Appointment of Crowe Malaysia PLT as Auditors	142,398,541	99.9833	23,800	0.0167
7	Retention of Tan Sri Dr. Suleiman Bin Mohamed as Independent Director	142,398,421	99.9832	23,920	0.0168
8	Retention of Datuk Leong Kam Weng as Independent Director	142,395,521	99.9812	26,820	0.0188
9	Retention of Mr. Liew Chek Leong as Independent Director	142,395,521	99.9812	26,820	0.0188
10	Authority to Allot Shares	142,395,621	99.9812	26,720	0.0188

The Chairman then declared that all resolutions set out in the Notice dated 31 July 2023 were carried.


CLOSURE

There being no further business, the meeting closed at 12.10 noon with a vote of thanks to the Chairman.

CONFIRMED AS CORRECT BY

CHAIRMAN

Dated: 8 September 2023



10th AGM Questions from MSWG



Questions from MSWG

Xin Hwa Holdings Berhad

10th Annual General Meeting 30th August 2023

1. The transportation and storage subsector is expected to experience a slower pace of growth compared to the previous year, primarily attributable to the strong growth achieved in 2022. Nevertheless, it is still projected to exhibit commendable expansion of 7.0% in 2023, as forecasted by the Ministry of Finance ("MoF"). The acceleration of infrastructure projects serves as a positive impetus for the industry. (page 13 of Annual Report 2023). In FY2023, the Group reported a loss after tax attributable to owner of the company of RM16.1m as the bottom-line was impacted by higher financing costs, depreciation, operating and administrative expenses, and additional impairment of trade receivables, as well as impairment of property, plant and equipment of an Indonesian subsidiary.
 - a) With a projected 7.0 % growth for the transportation and storage subsector, does the Board expect an improvement in the Group's financial performance, or even a turnaround in FY 2024?

Questions from MSWG

Xin Hwa Holdings Berhad

9th Annual General Meeting 26th August 2022

BOD: We are optimistic on our outlook for FY 2024 as we are concentrating our efforts on optimising our efficiency and cost management to minimize losses and to potentially return to the black.

The net loss incurred in FY 2023 was primarily attributed to two key elements:

- (i) Depreciation of property, plant and equipment (“PPE”) of RM 11.2m (Note 7 of the Annual Report (“AR”)) and depreciation of right-of-use assets of RM 5.9m (Note 8 of the AR); and
- (ii) Impairment losses on trade receivables of RM 3.3m (Note 12 of the AR) and impairment loss on PPE of RM 1.5 (Note 7 of the AR)

It is noteworthy to mention that the additional allowance for the impairment losses on trade receivables and property, plant, and equipment were provided in FY 2023 as one-off measures based on a prudent approach. We do not expect these particular issues to reoccur in the future.

Questions from MSWG

Xin Hwa Holdings Berhad

9th Annual General Meeting 26th August 2022

Cont'd

With a projected 7% growth for the transportation and storage subsector, we plan to enhance our asset utilization. This involves hiring more drivers to reduce vehicle downtimes and getting more customer to fill up the available space in our existing warehouse facilities.

We are confident to fully utilize our warehousing space as you can see revenue from warehousing services has increased approximately 40% since last financial year. Therefore, we foresee the demand for warehousing service to remain strong in FY 2024. These strategic plans should result in increased revenue generation in FY 2024, which we anticipate will sufficiently cover the depreciation expenses of our assets.

Questions from MSWG

Xin Hwa Holdings Berhad

9th Annual General Meeting 26th August 2022

b) What are the reasons for the net impairment of trade receivables of RM 3.339m?

BOD: Many of our customers' cash flow were affected due to the COVID-19 pandemic, this resulted in extended delays in settling their outstanding debts. Consequently, the company's average trade receivable turnover rose to 88.5 days, which is much higher than our usual credit terms i.e. 30 days or 60 days.

On a brighter note, with full reopening of the economy, our customers are on the path to financial recovery. We are confident that the outstanding amounts will be settled by our customers in the near future. The additional impairment loss on trade receivables of RM 3.339 m is merely provided in line with prudent accounting standards in particular the requirement of MFRS 9, where we are required to acknowledge expected credit losses even if an actual loss event had yet to occur.

Questions from MSWG

Xin Hwa Holdings Berhad

9th Annual General Meeting 26th August 2022

- 2) Despite the reopening of the economy post-pandemic and a slight increase in the Group's fleet size, which consists of prime movers, trailers and trucks, from 1,621 units in the previous year to 1,651 as of end-March 2023, what are the factors that contributed to the decline in revenue for land transport segment, from RM 89.5m a year ago to RM 74.9 m for FY 2023? Also, what are the reasons for the significant declines in revenue in the Singapore segment from RM 17.7 m in FY 22 to RM 9.8m in FY 2023, and in Indonesia from RM 8.4m in FY 2022 to RM 2.4m in FY 2023?

Questions from MSWG

Xin Hwa Holdings Berhad

9th Annual General Meeting 26th August 2022

BOD: The demand for logistics services remains strong in Singapore and Malaysia during FY 2023. However, the company faced difficulties in sourcing and retaining drivers, particularly in the southern region of Malaysia. This challenge emerged due to stiff competition for human resources from the Singaporean market, the depreciation of the Malaysian Ringgit against Singapore Dollar made it tougher for us to retain our drivers.

To enhance our employment packages, the company is currently restructuring our driver compensation and employee benefits not only to retain our existing drivers but also to facilitate the expansion of our driver team, ensuring that we can meet demand while maintaining service quality.

Questions from MSWG

Xin Hwa Holdings Berhad

9th Annual General Meeting 26th August 2022

Cont'd

On the other hand, the revenue decline in Indonesian segment was due to the completion of a project cargo job in FY 2022. Furthermore, the fleet size for our Indonesia arm is still relatively small hence, its contribution is still growing. Therefore, Xin Hwa has decided to expand our fleet over there to provide stable supply to our Indonesian customers and in turn, generate healthier revenue for the Group. This strategic move is in line with the anticipation of increased demand for project cargo services, driven by massive infrastructure investments in conjunction with the relocation of the Indonesian capital.

Questions from MSWG

Xin Hwa Holdings Berhad

9th Annual General Meeting 26th August 2022

- 3) Practice 5.3 of Malaysian Code on Corporate Governance 2021 encourages companies to limit the tenure of an independent director to nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director. If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Xin Hwa' response: Departure. As prescribed in the Constitution of the Company, if an Independent Director has served in that capacity for more than nine (9) years and the Board wishes to retain him/her as an Independent Director, annual re-appointment by members at Annual General Meeting by way of an ordinary resolution is required.

Questions from MSWG

Xin Hwa Holdings Berhad

9th Annual General Meeting 26th August 2022

3) Cont'd

MSWG's comment: The reason given by the Board for not adopting a two-tier voting process is not compelling. Whether or not it is a two-tier voting process, it is by way of an ordinary resolution to retain an independent director serving beyond nine years. Furthermore, if the Board is convinced that the said independent directors have acted and will continue to act in the Company's best interest with unfettered impartiality and objectivity notwithstanding the length of their tenure with the Board, it could have easily adopted a two-tier voting process and given a bigger opportunity to shareholders other than Large Shareholders.

BOD: We appreciate the input from MSWG on our corporate governance, we have duly noted MSWG's insights and perspectives on this matter. We will continue to regularly review and strengthen our corporate governance practices in line with the company's need.

*Thank
you*

