

ANALABS RESOURCES BERHAD
Registration No: 199801012843 (468971-A)
(Incorporated in Malaysia)

Minutes of the Twenty-Third Annual General Meeting of the Company held on a fully virtual basis via Remote Participation and Voting ("RPV") facilities at <https://agm.digerati.com.my/analabs-online> provided by Digerati Technologies Sdn Bhd in Malaysia on Thursday, 7 October 2021 at 11.00 a.m.

PRESENT : Mr Kan Yow Kheong – Chairman
Others as per attendance list attached

1. QUORUM

The Chairman welcomed the shareholders, proxies, participants and the Directors to the Company's Twenty-Third Annual General Meeting ("23rd AGM").

The Chairman then introduced to the meeting the members of Board of Directors, Company Secretary and the Auditors.

Upon confirming the presence of a quorum, he invited the Company Secretary to take the Meeting through the Agenda as contained in the Notice.

2. NOTICE

There being no objection, the notice convening the meeting, having been circulated earlier to all the members of the Company within the prescribed notice period, was taken as read.

The Company Secretary reported that the Company had received 10 valid proxy forms representing approximately 1.78% of the Company's issued share capital.

The Meeting was informed that the Company has received a letter from the Minority Shareholders Watch Group ("MSWG") dated 1 October 2021. The Secretary thereafter read out MSWG's questions and the Company's responses thereto as per Appendix I attached for the Meeting's information.

Before the Meeting proceeded with the first item of the agenda, the Company Secretary informed that Ordinary Resolutions 1 to 12 proposed at the AGM require a simple majority or more than 50% of the total voting rights of the shareholders who are entitled to vote either in person or by proxy at the Meeting.

3. VOTING OF RESOLUTIONS AT THE MEETING

The Shareholders were informed that voting on the resolutions could be done online at any time throughout the meeting until the closure of the voting session.

The Meeting then proceeded to item 1 of the Agenda.

4. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2021

The Audited Financial Statements for the financial year ended 30 April 2021 (“AFS 2021”) and the Reports of the Directors and Auditors having been circulated to all the Members within the prescribed period was taken as read.

The Company Secretary informed that the AFS2021 was tabled for information only as the provision of Section 340(1) of the Companies Act, 2016 does not require a formal approval of the shareholders and hence this Agenda was not put forward for voting.

5. RE-ELECTION OF MR KAN YOW KHEONG PURSUANT TO CLAUSE 119 OF THE COMPANY’S CONSTITUTION

The following motion for the re-election of Mr Kan Yow Kheong pursuant to Clause 119 of the Company’s Constitution was put to vote:-

“THAT Mr Kan Yow Kheong retiring pursuant to Clause 119 of the Company’s Constitution and being eligible be hereby re-elected as Director of the Company.”

6. RE-ELECTION OF MR KAN MUN HOOW PURSUANT TO CLAUSE 119 OF THE COMPANY’S CONSTITUTION

The following motion for the re-election of Mr Kan Mun Hoow pursuant to Clause 119 of the Company’s Constitution was put to vote:-

“THAT Mr Kan Mun Hoow retiring pursuant to Clause 119 of the Company’s Constitution and being eligible be hereby re-elected as Director of the Company.”

7. RE-ELECTION OF MR LOW CHIN ANN @ HAN CHIN ANN PURSUANT TO CLAUSE 119 OF THE COMPANY’S CONSTITUTION

The following motion for the re-election of Mr Low Chin Ann @ Han Chin Ann pursuant to Clause 119 of the Company’s Constitution was put to vote:-

“THAT Mr Mr Low Chin Ann @ Han Chin Ann retiring pursuant to Clause 119 of the Company’s Constitution and being eligible be hereby re-elected as Director of the Company.”

8. RE-ELECTION OF MR LAI YEW CHOONG PURSUANT TO CLAUSE 119 OF THE COMPANY’S CONSTITUTION

The following motion for the re-election of Mr Lai Yew Choong pursuant to Clause 119 of the Company’s Constitution was put to vote:-

“THAT Mr Lai Yew Choong retiring pursuant to Clause 119 of the Company’s Constitution and being eligible be hereby re-elected as Director of the Company.”

9. RE-ELECTION OF MR CLIFTON HEATH FERNANDEZ PURSUANT TO CLAUSE 119 OF THE COMPANY'S CONSTITUTION

The following motion for the re-election of Mr Clifton Heath Fernandez pursuant to Clause 119 of the Company's Constitution was put to vote:-

"THAT Mr Clifton Heath Fernandez retiring pursuant to Clause 119 of the Company's Constitution and being eligible be hereby re-elected as Director of the Company."

10. RE-ELECTION OF MS LYE MEEI RUU PURSUANT TO CLAUSE 119 OF THE COMPANY'S CONSTITUTION

The following motion for the re-election of Ms Lye Meei Ruu pursuant to Clause 119 of the Company's Constitution was put to vote:-

"THAT Ms Lye Meei Ruu retiring pursuant to Clause 119 of the Company's Constitution and being eligible be and is hereby re-elected as Director of the Company."

11. PAYMENT OF DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDING 30 APRIL 2022

The Company had proposed a payment of Directors' fees up to RM108,000.00 for the financial year ending 30 April 2022. The following motion was put to vote:-

"THAT the payment of Directors' fees up to RM108,000.00 in respect of the financial year ending 30 April 2022 be hereby approved."

12. RE-APPOINTMENT OF MESSRS CROWE MALAYSIA PLT AS AUDITORS OF THE COMPANY

Messrs Crowe Malaysia PLT who was retiring at the 23rd AGM had given their consent for re-appointment. There was no other nomination received by the Company.

The following motion was put to the meeting for a vote:-

"THAT Messrs Crowe Malaysia PLT be and is hereby re-appointed as Auditors of the Company at a remuneration to be determined by the Directors."

13. AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 ("the Act")

The next item on the agenda was to seek the shareholders authority for the allotment of shares pursuant to Sections 75 and 76 of the Act.

The following motion was put to the meeting for a vote:-

"THAT pursuant to Sections 75 and 76 of the Act and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company, at any time to such persons and upon such terms and conditions and for such purpose as the Directors may, in their absolute discretion deem fit, provided that the

aggregate number of the shares 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 for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad ("Bursa Securities"); AND THAT such authority shall commence immediately upon passing of this resolution and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

14. PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE BY THE COMPANY OF ITS OWN ORDINARY SHARES

The next item on the agenda was to seek shareholders' authority to renew the Proposed Share Buy Back Mandate.

The following motion was put to the meeting for a vote:-

"THAT subject to the rules, regulations and orders made pursuant to the Companies Act, 2016 (the "Act"), provisions of the Company's Constitution and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Board be and is hereby authorised to purchase the Company's shares through Bursa Securities ("Proposed Share Buy-Back") subject to the following:-

- a. the maximum number of the Company's shares which may be purchased and/or held as treasury shares by the Company at any point in time pursuant to the Proposed Share Buy-Back shall not exceed ten percent (10%) of the total number of issued shares of the Company;
- b. the maximum funds to be allocated by the Company for the purpose of purchasing the Company's shares shall not exceed the aggregate of the retained profits of the Company;
- c. the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at the conclusion of the next Annual General Meeting of the Company unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions or the expiration of the period within which the next Annual General Meeting is required by law to be held or the authority is revoked or varied by an ordinary resolution of the shareholders of the Company at a general meeting, whichever is the earlier, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements of Bursa Securities or any other relevant authorities; and
- d. upon completion of the purchase(s) of the Company's shares by the Company, the Board be and is hereby authorised to retain the Company's shares so purchased as treasury shares, of which may be distributed as dividends to shareholders and/or re-sold on Bursa Securities and/or subsequently cancelled and in other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authorities for the time being in force.

AND that the Board be and is hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Company's shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

15. RETENTION OF MR LOW CHIN ANN @ HAN CHIN ANN AS AN INDEPENDENT DIRECTOR

The following motion for the retention of Mr Low Chin Ann @ Han Chin Ann ("Mr Low") as an Independent Director was put to vote:-

"THAT subject to the passing of Ordinary Resolution 3 above, Mr Low Chin Ann @ Han Chin Ann who would have served as an Independent Director of the Company for a cumulative term of nine (9) years from 1 December 2021 onwards, be and is hereby retained as an Independent Director of the Company."

The Meeting was informed that the Board through the Nomination Committee, had assessed the independence of Mr Low and regards him to be Independent. The justification and recommendation for the retention of Mr Low as an Independent Director are set out in the Corporate Governance Overview Statement on Pages 29 and 30 of the 2021 Annual Report.

16. RETENTION OF MR LAI YEW CHOONG AS AN INDEPENDENT DIRECTOR

The following motion for the retention of Mr Lai Yew Choong ("Mr Lai") as an Independent Director was put to vote:-

"THAT subject to the passing of Ordinary Resolution 4 above, Mr Lai Yew Choong who would have served as an Independent Director of the Company for a cumulative term of nine (9) years from 1 December 2021 onwards, be and is hereby retained as an Independent Director of the Company."

The Meeting was informed that the Board through the Nomination Committee, had assessed the independence of Mr Low and regards him to be Independent. The justification and recommendation for the retention of Mr Low as an Independent Director are set out in the Corporate Governance Overview Statement on Pages 29 and 30 of the 2021 Annual Report.

17. Q&A SESSION

The Chairman thereafter read out the following questions raised by the shareholders through messaging window:-

- (i) Madam Lee Suan Bee enquired on how the Covid-19 pandemic had affected the Company's business.

Mr MH Kan replied that there would be an impact on the performance of the Company for the financial year ending 30 April 2022 as a result of the 3 months lockdown imposed by the Government from June to August 2021, before it was lifted in September 2021 to curb the spread of Covid-19 pandemic. The market demand remains uncertain and challenging due to ongoing pandemic.

Operationally, the price of raw materials, particularly, resin have increased substantially and the trend was expected to continue in the near future. The Group also experienced disruptions in its supply chain, particularly raw materials from China.

To address the above issue, the Company would plan its purchase of raw materials three (3) to four (4) months ahead.

- (ii) Mr Tan SK raised the questions as follows:-
- (a) what is the Company's future outlook and its impact due to MCO; and
 - (b) whether it would be a cost saved for conducting a virtual AGM compared to a physical AGM.

- (a) The Chairman replied that the Company's future outlook remain good as the Company's investment in quoted securities and investment properties have help the Company cushioned the impact to the operational income which was interrupted such as raw materials and shipping cost which have increased significantly due to the pandemic.

For the next financial year, barring unforeseen circumstances, the Company forecasts that the dividends to be received from quoted securities and rental income to be increased to approximately RM12 million and RM1 million respectively.

- (b) The Chairman informed that the cost of conducting a virtual meeting was higher than a physical meeting.

- (iii) There were requests from several shareholders to reward the shareholders who had participated in the AGM with the door gift such as vouchers, e-vouchers, e-wallet top-up as token of appreciation, the Chairman replied that these requests would be considered for the next general meeting.

- (iv) The Chairman also noted some shareholders were not able to log in to the Digerati Technologies Sdn Bhd's online website to participate in the Company's AGM. The Chairman advised that the shareholders should register with Digerati earlier, as Digerati might not able to handle the registration at the last minutes.

The Chairman ended the Q&A session by thanking all shareholders and proxies who participated at the AGM and giving their comments.

18. POLLING PROCESS

The Secretary announced that shareholders and proxies who have yet to cast their votes would be given an additional ten (10) minutes to vote before the closure of voting session.

Upon close of the voting session, the Chairman adjourned the meeting for 10 minutes for the Scrutineers to verify and validate the votes.

19. ANNOUNCEMENT OF POLL RESULTS

The Chairman called the Meeting to order at 11.48 a.m. and announced the following poll results which were projected on the screen:-

Resolution 1

Re-election of Mr Kan Yow Kheong pursuant to Clause 119 of the Company's Constitution

The poll result in respect of Resolution 1 as follow:-

Resolution	For		Against	
	Number of shares	%	Number of shares	%
Resolution 1	73,971,886	99.8580	105,200	0.1420

73,971,886 shares representing 99.8580% of the total votes casted in favour of the motion, Resolution 1 was carried.

Resolution 2

Re-election of Mr Kan Mun Hoow pursuant to Clause 119 of the Company's Constitution

The poll result in respect of Resolution 2 as follow:-

Resolution	For		Against	
	Number of shares	%	Number of shares	%
Resolution 2	68,932,886	99.8476	105,200	0.1524

68,932,886 shares representing 99.8476% of the total votes casted in favour of the motion, Resolution 2 was carried.

Resolution 3

Re-election of Mr Low Chin Ann @ Han Chin Ann pursuant to Clause 119 of the Company's Constitution

The poll result in respect of Resolution 3 as follow:-

Resolution	For		Against	
	Number of shares	%	Number of shares	%
Resolution 3	73,971,386	99.8573	105,700	0.1427

73,971,386 shares representing 99.8573% of the total votes casted in favour of the motion, Resolution 3 was carried.

Resolution 4

Re-election of Mr Lai Yew Choong pursuant to Clause 119 of the Company's Constitution

The poll result in respect of Resolution 4 as follow:-

Resolution	For		Against	
	Number of shares	%	Number of shares	%
Resolution 4	73,971,386	99.8573	105,700	0.1427

73,971,386 shares representing 99.8573% of the total votes casted in favour of the motion, Resolution 4 was carried.

Resolution 5

Re-election of Mr Clifton Heath Fernandez pursuant to Clause 119 of the Company's Constitution

The poll result in respect of Resolution 5 as follow:-

Resolution	For		Against	
	Number of shares	%	Number of shares	%
Resolution 5	73,971,386	99.8573	105,700	0.1427

73,971,386 shares representing 99.8573% of the total votes casted in favour of the motion, Resolution 5 was carried.

Resolution 6

Re-election of Ms Lye Meei Ruu pursuant to Clause 119 of the Company's Constitution

The poll result in respect of Resolution 6 as follow:-

Resolution	For		Against	
	Number of shares	%	Number of shares	%
Resolution 6	73,971,386	99.8573	105,700	0.1427

73,971,386 shares representing 99.8573% of the total votes casted in favour of the motion, Resolution 6 was carried.

Resolution 7

Payment of Directors' Fees of RM108,000 for the financial year ending 30 April 2021

The poll result in respect of Resolution 7 as follow:-

Resolution	For		Against	
	Number of shares	%	Number of shares	%
Resolution 7	1,144,428	91.5375	105,800	8.4625

1,144,428 shares representing 91.5375% of the total votes casted in favour of the motion, Resolution 7 was carried.

Resolution 8

Re-appointment of Messrs Crowe Malaysia PLT as auditors of the Company

The poll result in respect of Resolution 8 as follow:-

Resolution	For		Against	
	Number of shares	%	Number of shares	%
Resolution 8	73,972,086	99.8583	105,000	0.1417

73,972,086 shares representing 99.8583% of the total votes casted in favour of the motion, Resolution 8 was carried.

Resolution 9

Authority to allot shares pursuant to Sections 75 and 76 of the Act

The poll result in respect of Resolution 9 as follow:-

Resolution	For		Against	
	Number of shares	%	Number of shares	%
Resolution 9	73,921,186	99.7895	155,900	0.2105

73,921,186 shares representing 99.7895% of the total votes casted in favour of the motion, Resolution 9 was carried.

Resolution 10

Proposed renewal of authority for the purchase by the Company of its own Ordinary Shares

The poll result in respect of Resolution 10 as follow:-

Resolution	For		Against	
	Number of shares	%	Number of shares	%
Resolution 10	74,042,286	99.9530	34,800	0.0470

74,042,286 shares representing 99.9530% of the total votes casted in favour of the motion, Resolution 10 was carried.

Resolution 11

Retention of Mr Low Chin Ann @ Han Chin Ann as an Independent Director

The poll results in respect of Resolution 11 as follow:-

Resolution	For		Against	
	Number of shares	%	Number of shares	%
Resolution 11	73,971,186	99.8570	105,900	0.1430

73,971,186 shares representing 99.8570% of the total votes casted in favour of the motion, Resolution 11 was carried.

Resolution 12

Retention of Mr Lai Yew Choong as an Independent Director

The poll result in respect of Resolution 12 as follow:-

Resolution	For		Against	
	Number of shares	%	Number of shares	%
Resolution 12	73,971,186	99.8570	105,900	0.1430

73,971,186 shares representing 99.8570% of the total votes casted in favour of the motion, Resolution 12 was carried.

20. CLOSURE

There being no other business for which due notice had been given, the Meeting was declared closed at 11.55 a.m. with a vote of thanks to the Chair.

CONFIRMED AS CORRECT RECORD BY

**- Signed -
CHAIRMAN**



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

1 October 2021

Appendix I
(FAX: 03-7880 8699)

The Chairman and
Board of Directors
ANALABS RESOURCES BERHAD
Unit 621, 6th Floor, Block A
Kelana Centre Point
No. 3 Jalan SS7/19, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

Attention: Cynthia Gloria Louis
Chew Mei Ling
Company Secretaries

**Re: 23rd Annual General Meeting (AGM) of Analabs Resources Berhad ("Analabs")
on Thursday, 7 October 2021**

In the interest of minority shareholders and all other stakeholders of the Company, we would like to raise the following issues: -

Operational & Financial Matters

- 1) The Manufacturing, Formulation and Sale of Resin, Chemicals and Building Materials segment remained the key revenue contributor for Analabs in FY2021.

The segment has contributed RM89.5 million sales (or about 76% of total revenue) during the year. It also contributed RM14.7 million of gross profit to the Group.

The increase in topline contribution was due to higher sales of resin and chemicals, while the improvement in profit was due to improved manufacturing efficiency and the rationalization of operating overheads.

Was the increase in revenue due to higher product selling prices or better sales volume? How is the prospect of resin price in FY2022?

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia . Company No:524989-M)

TINGKAT 11, BANGUNAN KWSP, NO.3, CHANGKAT RAJA CHULAN, OFF JALAN RAJA CHULAN,
50200 KUALA LUMPUR. TEL: (603)20709090 FAX: (603)20709107

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MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

- 2) In FY2021, Analabs had purchased equity investments worth RM40.81 million (FY2020: RM37.13 million, page 59, Statements of Cash Flows, AR2021). At the same time, the Company only invested RM275,000 (FY2020: RM918,000) to purchase property, plant and equipment during the year.

The size of "Other Investments" which primarily consists of quoted investments had increased to RM154.97 million in FY2021 from RM103.01 million the year before.

- a) Why did the Company purchase quoted investment instead of re-investing the cash generated into the manufacturing and construction businesses? Was this because of better investment return generated from quoted investments as compared to re-investment into existing businesses?
- b) What is the average yield for the different financial assets (i.e., unit trusts, quoted shares in Malaysia and overseas) under the "Other Investments"?
- 3) Analabs' total loans and borrowings had increased by 45% to RM70.96 million from RM48.98 million a year ago (page 53, Statements of Financial Position, AR2021). The increase was mainly due to the increase in margin trading and onshore foreign currency loan.

Should some of the quoted investments be liquidated to reduce Analabs' total loans and borrowings?

(Note: "Other Investments" which primarily consists of quoted investment had increased to RM154.97 million in FY2021 from RM103.01 million the year before).

- 4) As of the end of FY2021, the size of margin trading had increased to RM44.36 million from RM30.54 million in the preceding year.
- a) Was the increase in margin trading related to the purchase of quoted investment?
- b) Under what conditions would a margin call be triggered?
- 5) Analabs recognized RM2.5 million of dividend income from quoted investments as part of the revenue for the Company (page 95, Note 23 of Financial Statements, AR2021).

On the other hand, it also recorded another dividend income from quoted investments amounting to RM4.39 million under the "Other Income" segment (page 97, Note 24 of Financial Statements, AR2021).

Why were there two different profit or loss recognition for dividend income from quoted investments?

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia . Company No:524989-M)

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MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

- 6) The size of investment properties increased about 25% to RM40.27 million in FY2021 from RM32.27 million the year before. The increase in investment properties was mainly due to the transfer of Analabs' property, plant and equipment amounting to RM8.95 million to investment properties.
- a) Why were the freehold land and buildings re-classified as investment properties?
- b) Are the transferred land and buildings currently being leased out to generate rental income? If yes, what is the yield?

Corporate Governance Matters

- 1) For the past three years, Analabs' internal audit function has been focusing on the business and operation of its wholly-owned subsidiary - Coveright Surfaces Malaysia Sdn Bhd (CSM). CSM is involved in the manufacturing and selling of resin impregnated papers.

What are the processes carried out by the Audit and Risk Committee and internal auditor to determine which subsidiary/processes should be audited by the IA function?

We would appreciate if the Board could present the points raised here, and their related answers, for the shareholders present at the forthcoming AGM. At the same time, we await a written reply as soon as possible for our records.

Thank you.

Yours sincerely

DEVANESAN EVANSON
Chief Executive Officer
DE/LCY/ANALABS/AGM2021

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia . Company No:524989-M)

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ANALABS RESOURCES BERHAD

(Company No. 468971-A)
No. 750, Jalan Haji Sirat, Klang Utama, 42100 Klang, Selangor.
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6th October 2021

MINORITY SHAREHOLDERS WATCH GROUP
Tingkat 11, Bangunan KWSP,
No. 3, Changkat Raja Chulan,
Off Jalan Raja Chulan,
50200 Kuala Lumpur.

Appendix I
By Fax : 03-20709107

Attention: Mr. Devanesan Evanson

Dear Sir,

RE: 23rd Annual General Meeting ("AGM") of Analabs Resources Berhad ("Analabs" or "the Company") to be held on Thursday, 7 October 2021

With reference to your letter dated 1 October 2021, please find the below our responses to the questions raised:-

Operational & Financial Matters

- 1) The Manufacturing, Formulation and Sale of Resin, Chemicals and Building Materials segment remained the key revenue contributor for Analabs in FY2021.

The segment has contributed RM89.5 million sales (or about 76% of total revenue) during the year. It also contributed RM14.7 million of gross profit to the Group.

The increase in topline contribution was due to higher sales of resin and chemicals, while the improvement in profit was due to improved manufacturing efficiency and the rationalization of operating overheads.

Was the increase in revenue due to higher product selling prices or better sales volume? How is the prospect of resin price in FY2022?

Answer: The increase in revenue was due to the better sales volume and not due to higher product selling price. The resin price is expected to increase in FY2022 in tandem with the increase in raw materials.

- 2) In FY2021, Analabs had purchased equity investments worth RM40.81 million (FY2020: RM37.13 million, page 59, Statements of Cash Flows, AR2021). At the same time, the Company only invested RM275,000 (FY2020: RM918,000) to purchase property, plant and equipment during the year.

The size of "Other Investments" which primarily consists of quoted investments had increased to RM154.97 million in FY2021 from RM103.01 million the year before.

- a) Why did the Company purchase quoted investment instead of re-investing the cash generated into the manufacturing and construction businesses? Was this because of better investment return generated from quoted investments as compared to re-investment into existing businesses?

Answer: The Company purchased quoted investment instead of re-investing the cash generated into the manufacturing and construction businesses as market demand remains uncertain and challenging due to the ongoing Covid-19 pandemic.

- b) What is the average yield for the different financial assets (i.e., unit trusts, quoted shares in Malaysia and overseas) under the "Other Investments"?

Answer: The average yield for the different financial assets under the "Other Investment" is approximately 5% to 6%.

- 3) Analabs' total loans and borrowings had increased by 45% to RM70.96 million from RM48.98 million a year ago (page 53, Statements of Financial Position, AR2021). The increase was mainly due to the increase in margin trading and onshore foreign currency loan.

Should some of the quoted investments be liquidated to reduce Analabs' total loans and borrowings?

(Note: "Other Investments" which primarily consists of quoted investment have increased to RM154.97 million in FY2021 from RM103.01 million the year before).

Answer: No quoted investments would be liquidated to reduce Analabs' total loans and borrowings.

- 4) As of the end of FY2021, the size of margin trading had increased to RM44.36 million from RM30.54 million in the preceding year.

- a) Was the increase in margin trading related to the purchase of quoted investment?

Answer: Yes, the increase in margin trading is related to the purchase of quoted investment.

b) Under what conditions would a margin call be triggered?

Answer: There would be a margin call when the Margin of Finance hit above 65%.

5) Analabs recognized RM2.5 million of dividend income from quoted investments as part of the revenue for the Company (page 95, Note 23 of Financial Statements, AR2021).

On the other hand, it also recorded another dividend income from quoted investments amounting to RM4.39 million under the "Other Income" segment (page 97, Note 24 of Financial Statements, AR2021).

Why were there two different profit or loss recognition for dividend income from quoted investments?

Answer: The dividend income recognized of RM2.5 million was generated directly by entities whose main activities are investment holding. As such, the dividend received by these entities are recognized as revenue.

The dividend income from quoted securities of RM4.39 million classified under "Other Income" comprised of dividends received from quoted securities held by entities whose main activities are not investment holding.

6) The size of investment properties increased about 25% to RM40.27 million in FY2021 from RM32.27 million the year before. The increase in investment properties was mainly due to the transfer of Analabs' property, plant and equipment amounting to RM8.95 million to investment properties.

a) Why were the freehold land and buildings re-classified as investment properties?

Answer: The freehold land and buildings are re-classified as investment properties due to the change in the use of the asset to generate rental income.

b) Are the transferred land and buildings currently being leased out to generate rental income? If yes, what is the yield?

Answer: Yes, the transferred land and buildings currently being leased out to generate rental income and the yield is approximately 3.2%.

Corporate Governance Matters

- 1) For the past three years, Analabs' internal audit function has been focusing on the business and operation of its wholly-owned subsidiary - Coveright Surfaces Malaysia Sdn Bhd (CSM). CSM is involved in the manufacturing and selling of resin impregnated papers.

What are the processes carried out by the Audit and Risk Committee and internal auditor to determine which subsidiary/processes should be audited by the IA function?

Answer: The Audit and Risk Management Committee determines the internal audit plan, which include selection of subsidiary and processes to be audited, after taking into consideration the financial contribution to the Group, risk profile, level of activities and complexity, areas of concern, etc. Coveright Surfaces Malaysia Sdn Bhd has contributed to more than half of the Group's revenue and profit after tax respectively over the years and thus was selected for audit in 2019 to 2021. The ARMC and internal auditor will ensure all subsidiaries and processes are not being neglected during the internal audit selection.

Thank you.

Yours faithfully,



KAN YOW KHEONG
Executive Chairman