

MMAG HOLDINGS BERHAD
Registration No. 200301007003 (609423-V)
(Incorporated in Malaysia)

MINUTES of the Twentieth (“20th”) Annual General Meeting (“AGM”) (“the Meeting”) of the Company duly convened and held at the Ballroom V, Main Wing, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Monday, 28 August 2023 at 2:30 p.m.

- Board of Directors present** : Tan Sri Dato’ Seri Mohd Khairul Adib Bin Abd Rahman
(Chairman of the Meeting)
Mr. Chong Koon Meng
Mr. Kenny Khaw Chuan Wah
Mdm. Hwang Siew Chien
Mr. Yeap Say Woi
Dato’ Sok One A/L Esen
Tuan Haji Noorzainy Bin Haji Mohd Noor
- Director Absent with Apologies** : Mdm. Chan Swee Ying
- In Attendance** : Ms. Maggie Kong (representing Secretary)
- Invited Guests** : As per the Attendance List
- Shareholders/Proxies** : As the per Attendance List

CHAIRMAN

The Chairman of the Company, Tan Sri Dato’ Seri Mohd Khairul Adib Bin Abd Rahman (“Tan Sri Chairman”) took the chair and called the Meeting to order. He welcomed and thanked the members/proxies and invited guests for their attendance.

Tan Sri Chairman introduced the Board members according to their seating arrangement. Tan Sri Chairman informed that Madam Chan Swee Ying, the Non-Independent Non-Executive Director apologized for being unable to attend the Meeting.

QUORUM

Pursuant to Clause 63 of the Company’s Constitution, two (2) members present in person or by proxy shall constitute a quorum for the meeting. The Company received a total of 37 shareholders and proxies representing 441,521,282 ordinary shares equivalent to 18.23% of the total number of issued shares of the Company registered at the commencement of the Meeting.

With the requisite quorum present, Tan Sri Chairman declared the Meeting duly convened.

NOTICE

The Notice of 20th AGM dated 31 July 2023 having been circulated to all members within the statutory period, was taken as read.

PROCEDURES FOR MEETING

Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions tabled at a general meeting would be voted by way of poll. The Company has appointed Cygnus Technology Solutions Sdn. Bhd. as the Independent Scrutineer for the poll voting.

Tan Sri Chairman informed that for good administration, the Board will take on all questions and answers for each of the proposed resolutions. Upon all matters in the agenda being deliberated, then only open for electronic voting on a one share one vote basis.

QUESTIONS FROM MINORITY SHAREHOLDER WATCHDOG GROUP (“MSWG”)

Before proceeding with the business of the Meeting, Tan Sri Chairman informed that the Company has received written questions from MSWG in relation to operational and financial matters, and corporate governance matters to which the Company has replied in writing accordingly.

The Executive Director, Mr. Kenny Khoo Chuan Wah was invited to present the letter from MSWG dated 21 August 2023 with the Company’s responses, as summarised in Annexure I attached.

BUSINESS OF THE MEETING

AS ORDINARY BUSINESS

- 1. To receive the Audited Financial Statements for the financial year ended 31 March 2023 together with the Reports of the Directors and Auditors thereon.**

Tan Sri Chairman informed that the first agenda was to receive the Audited Financial Statements of the Company and its Group for the financial year ended 31 March 2023 together with the Reports of the Directors and Auditors thereon which was meant for discussion only as the Company’s Constitution provides that the Audited Financial Statements are to be laid in the general meeting. Hence, it is not put forward for voting.

There were no questions raised. Tan Sri Chairman declared the Audited Financial Statements for the financial year ended 31 March 2023 and the Reports of the Directors and Auditors thereon were received.

- 2. To approve the payment of Directors’ fees and benefits payable up to RM350,000.00 from this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company [Ordinary Resolution 1]**

Tan Sri Chairman tabled Ordinary Resolution 1 which was in relation to the payment of Directors’ fees and benefits payable up to RM350,000.00 for the period from this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company.

It was noted that the Non-Independent Non-Executive Director, Mdm. Chan Swee Ying, and the Executive Director, Mr. Chong Koon Meng, who are the shareholders of the Company shall abstain from voting on this resolution pursuant to Practice 7.2 of the Malaysian Code on Corporate Governance.

There was no question raised by the shareholders/proxies on this agenda.

3. To re-elect the following Directors retiring in accordance with the provisions of the Company's Constitution:

- (i) Mdm. Hwang Siew Chien - Clause 78 (Ordinary Resolution 2);
- (ii) Dato' Sok One A/L Esen - Clause 78 (Ordinary Resolution 3); and
- (iii) Tuan Haji Noorzainy Bin Haji Mohd Noor - Clause 79 (Ordinary Resolution 4)

Tan Sri Chairman tabled Ordinary Resolutions 2, 3, and 4 which dealt with the re-elections of Mdm. Hwang Siew Chien, Dato' Sok One A/L Esen and Tuan Haji Noorzainy Bin Haji Mohd Noor retiring in accordance with Clause 78 and Clause 79 of the Company's Constitution respectively. They are eligible and had offered themselves for re-election.

Their profiles were set out in the Profile of Directors section on pages 9, 10 and 11 of the Annual Report 2023 respectively.

There was no question raised by the shareholders/proxies on this agenda.

4. To re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration [Ordinary Resolution 5]

Messrs. Grant Thornton Malaysia PLT, represented by Ms. Lee Sheau Wei and Ms. Joyce Yee, was present at the Meeting.

Tan Sri Chairman informed that Ordinary Resolution 5 was in relation to the re-appointment of the retiring auditors, Messrs. Grant Thornton Malaysia PLT as Auditors of the Company and to hold their office until the conclusion of the next Annual General Meeting and authorise the Board of Directors to fix their remuneration.

There was no question raised by the shareholders/proxies on this agenda.

AS SPECIAL BUSINESS

5. Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 and waiver of pre-emptive rights [Ordinary Resolution 6]

Tan Sri Chairman informed that Ordinary Resolution 6 was to obtain approval from the shareholders to empower the Directors to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 and to waive the statutory pre-emptive rights of the shareholders of the Company pursuant to Section 85 of the Companies Act 2016 and Clause 8 of the Constitution of the Company. This authority would enable the Directors to allot up to 10% of the total number of issued shares of the Company at any time upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit and would be in the best interest of the Company.

There was no question raised by the shareholders/proxies on this agenda.

6. ANY OTHER BUSINESS

There was no notice received for any other business to be transacted at the 20th AGM.

7. POLLING PROCESS

Tan Sri Chairman requested shareholders/proxies to cast their votes by e-polling. The 20th AGM was adjourned for poll voting.

8. POLL RESULTS

The Meeting resumed upon the receipt of the poll results from the Independent Scrutineer. Tan Sri Chairman read out the voting results duly verified as follows:-

Resolutions	Voted For			Voted Against			Results
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	
Ordinary Resolution 1	25	116,761,282	99.9699	8	35,200	0.0301	Accepted
Ordinary Resolution 2	33	441,492,182	99.9934	4	29,100	0.0066	Accepted
Ordinary Resolution 3	33	441,492,182	99.9934	4	29,100	0.0066	Accepted
Ordinary Resolution 4	33	441,492,182	99.9934	4	29,100	0.0066	Accepted
Ordinary Resolution 5	33	441,492,182	99.9934	4	29,100	0.0066	Accepted
Ordinary Resolution 6	31	441,488,082	99.9925	6	33,200	0.0075	Accepted

Based on the above, Tan Sri Chairman declared all Resolutions **CARRIED**.

IT WAS RESOLVED:-

Ordinary Resolution 1

“THAT the payment of Directors’ fees and benefits up to RM350,000.00 payable from this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company be and is hereby approved.”

Ordinary Resolution 2

“THAT Mdm. Hwang Siew Chien, who is retiring by rotation pursuant to Clause 78 of the Company’s Constitution and being eligible, be and is hereby re-elected to the Board.”

Ordinary Resolution 3

“THAT Dato’ Sok One A/L Esen, who is retiring by rotation pursuant to Clause 78 of the Company’s Constitution and being eligible, be and is hereby re-elected to the Board.”

Ordinary Resolution 4

“THAT Tuan Haji Noorzainy Bin Haji Mohd Noor, who is retiring pursuant to Clause 79 of the Company’s Constitution and being eligible, be and is hereby re-elected to the Board.”

Ordinary Resolution 5

“THAT the retiring auditors, Messrs. Grant Thornton Malaysia PLT be and is hereby re-appointed as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Directors.”

Ordinary Resolution 6

“THAT subject always to the Companies Act 2016, the Constitution of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016 to allot shares in the Company from time to time at such price and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company at the time of submission to the authority and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company AND THAT the Directors be and are hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation of the additional shares so allotted.

AND THAT pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 8 of the Company’s Constitution, approval be and is hereby to waive the statutory pre-emptive rights of the shareholders of the Company to be offered with new Company shares ranking equally to the existing issued Company shares arising from any issuance of the new Company shares pursuant to Sections 75 and 76 of the Companies Act 2016.”

9. TERMINATION

There being no further matters, the Meeting concluded at 3:15 p.m. with a vote of thanks to the Chair.

Confirmed True Record,

TAN SRI DATO’ SERI MOHD KHAIRUL ADIB
BIN ABD RAHMAN
Chairman of the Meeting

ANNEXURE I

(A) Questions and answers in relation to MSWG's letter dated 21 August 2023

Operational & Financial Matters

1. The Group incurred a net loss of RM89.4 million and, as of March 31, 2023, total current liabilities exceeded assets by RM56.9 million. The Board believes the Group's continuation relies on utilizing funds from a proposed share issue, credit facilities, and successful mobile, fulfillment, and logistics operations. Failure may impede asset realization and liability settlement. The Group's viability hinges on executing these plans (page 50 of Annual Report (AR) 2023).
 - a) Besides expanding the Courier & Logistics Services division, how does the Group plan to utilize the proceeds from the proposed rights issue to address the current financial challenges and improve its going concern status?

MMAG's Response:

- *The proposed rights issue is an avenue for us to raise sizable funds to expand our Group's mobile and fulfillment segment, as well as courier and logistic segment by increasing our Group's connectivity points and expanding coverage areas through additional warehouse/hubs/depots at strategic locations. The Group anticipates that with the new facilities and infrastructure in place, our warehousing and fulfillment facilities and hubs/depots coverage will support larger number of storage, deliveries and fulfillment and operate in more efficient manner, thereby improving our financial condition. For the Courier & Logistics Services division, the Group will have three revenue streams, i.e., courier & delivery, warehousing and fulfillment (which includes pick and pack our customers' goods).*
 - *Our Group also holds the view that the continuous government initiative to spur digital usage and the rollout of 5G which aims to increase the network coverage and quality will require upgraded ICT products for 5G network compatibility. This will increase the demand for ICT products which in turn, improve the demand for mobile and fulfillment services as we as logistics services of our Group and contribute positively to our Group's earnings and financial performance in the future. Adoption of 5G is still at infancy stage and there are plenty of room for the Group to leverage on this aspect. Our existing telecommunication operators' clients are in expansion mode with 5G in place. We will leverage on their expansion and at the same time, focus on getting new clients on board.*
- b) What is the Group's plan to ensure the successful utilization of these credit facilities to support the Group's ability to continue its operations as a going concern?

MMAG's Response:

- *Our Group's plan involves careful allocation of the credit resources towards key operational areas such as replenishing inventory levels and covering direct operational costs such as fleet expenses, transportation costs and staff costs. Any prior approval for utilisation of credit facilities has to be first supported by an adequate Return on Investment.*
- *Our Group's various business segments are capital intensive and thereby, our management continuously assesses, monitors and manages the mix and combination*

of different type of financing in addressing the funding requirements for our business operations and expansion purposes.

- c) Given the highly competitive nature of the Mobile & Fulfillment and Courier & Logistics Services sectors, how does the Group define and quantify successful operations within these industries?

MMAG's Response:

- *For the Mobile & Fulfillment sector, our two largest telecommunication operators have been with us for the past 7 years. We have successfully carved out a name for ourselves in this sector by being the preferred supply chain partner for telecommunications operators. This is testament to our ability to source, store, pick & pack and deliver these high value items within the stipulated service level timelines. It is time now to expand beyond these 2 operators.*
 - *For the Courier & Logistics industry, we are striving to create a name for the Group. We were able to achieve a minimum pre-defined Service Level Agreements that we set based on different products that we launch.*
2. The Group's trade receivables and contract assets credit impaired that were past due more than 60 days have increased to RM18.4 million in FYE2023 from RM12.4 million in FYE2022 (page 138-139 of AR2023).
- a) What were the difficulties faced by the Group in the collection of the trade receivables that were past due more than 60 days as the outstanding amount increased?

MMAG's Response:

- *The trade receivables were mainly in relation to the Courier & Logistics business and air freight business. For Courier & Logistics business, these customers' businesses were mainly impacted by the Covid-19 shutdown. For the air freight business, management commenced the initial flights by offering credit terms to a certain air cargo 'consolidator' to build up revenue, who in turn had difficulty repaying their debts. In addition, there was also debts from an overseas customer which prolonged to above 60 days due to an ongoing dispute which was subsequently resolved after financial year end and the customer has replied fully. As such, going forward, the business model has changed to ensure customers made payment upfront upon flights booking (before aircraft takes off with their cargo).*
 - *In addition, to address this issue, the Group has tightened its credit policies for its courier businesses by segregating our customers into 2 groups-those credit based and prepaid based. For those credit based customers, we will perform a stringent check on these customers before approval. As for prepaid, these consist predominantly small and medium size customers with low daily/monthly transactions. For new customers, the Group will focus on including them as prepaid customers before migrating them to credit based customers once they have grown large enough with strong financials.*
 - *As for its Air Freight business, the business model comprises predominantly prepaid customers.*
- b) Who are the major customers who make up this category (past due 60 days) of the Group's trade receivables in FYE2023 and what are their profiles?

MMAG's Response:

- *As stated above, the customers include but not limited to an air cargo 'consolidator', a client based overseas who needs to air freight their cargo from China to Malaysia, numerous SMEs and e-commerce customers who uses our courier services.*

- c) To-date, how much of the overdue amount has been collected?

MMAG's Response:

- *Approximately 20% of the overdue amount has been collected todate.*

3. The allowance for impairment losses on lease property, plant and equipment increased substantially from NIL in FYE2022 to RM5.3 million in FYE2023 (page 65 of AR2023).

- a) How much of these impairments have been recovered to-date?

MMAG's Response:

- *The impairment mainly arose because of the continued losses recorded by Line Clear Express & Logistics Sdn. Bhd. Management has been undertaking various initiatives to improve Line Clear's financial performance and strengthen its financial position such as adoption of technology and increase network connectivity to improve the efficiency and speed of delivery as well as develop new products to drive customer growth. Cost rationalization initiatives have also been implemented at Line Clear.*

- b) What percentage of these impairments are expected to be non-recoverable?

MMAG's Response:

- *Management believes that once Line Clear Express & Logistics Sdn. Bhd. managed to turnaround its performance, a substantial portion of these impairment will be reserved immediately. These property, plant and equipment are in good condition and currently being used to generate revenue for Line Clear Express & Logistics Sdn. Bhd.*

- c) Are impairments expected to increase going forward?

MMAG's Response:

- *Management will strive to minimise such impairments going forward.*

4. There is an impairment loss on investment in subsidiaries of RM85.5 million in FYE2023 (vs FYE2022: RM379,817) (page 65 of AR2023).

- a) To which subsidiaries do the impairment losses relate to? What were the reasons for the high impairment losses in FYE2023?

MMAG's Response:

- *The impairment mainly relates to Line Clear Ventures Holdings Sdn. Bhd. (which is the parent company for Line Clear Express & Logistics Sdn. Bhd.) and M Jets International Sdn. Bhd. Both these subsidiaries were recording losses as Line Clear*

Express & Logistics Sdn. Bhd. is on expansion mode to build its infrastructure whilst M Jets International Sdn. Bhd. was only into their second year of operation.

- b) What are the measures taken by the Group to ensure that the impairment losses on investment in subsidiaries do not increase further?

MMAG's Response:

- The Group has been undertaking various initiatives to improve the both the subsidiaries' financial performance and strengthen its financial position such as adoption of technology and increase network connectivity to improve the efficiency and speed of delivery as well as develop new products to drive customer growth. Cost rationalization initiatives have also been implemented at both the subsidiaries.*

5. There is a notable rise in unrealized foreign exchange losses of RM45,626 from FYE2022 to RM4.4 million FYE2023 (page 65 of AR2023).

What strategies or mechanisms does the Group employ to hedge against or mitigate the impact of foreign exchange fluctuations, particularly considering the observed increase in unrealized foreign exchange losses?

MMAG's Response:

The unrealised foreign exchange losses were mainly attributed to leases of aircrafts which are denominated in USD. To address this issue, the Group is focusing on natural hedge, which is sourcing for new clients that pays in USD to hedge naturally against the payment of leases which are in USD.

Corporate Governance Matters

1. The existing composition of the Board lacks diversity, with only two female Directors, making up just 25% of the total. This is below the recommended 30% target outlined in Practice 5.9 of the MCCG. Practice 5.9 emphasizes the importance of significant representation of women (page 25 of CG Report 2023). Given the Board's current lack of diversity, is there an ongoing initiative to identify suitable female candidates for an upcoming Director position within the Group? If such efforts are underway, when do you anticipate achieving this objective?

MMAG's Response:

- MMAG is not a large company. It has complied the requirement by having at least one female director by 1 June 2023. In the Bursa Listing Requirements, a listed issuer is mandated to have at least one female director.*
2. The Group acknowledges its departure from Practice 5.10, which requires the disclosure of gender diversity policies for the board and senior management in the annual report (page 26 of CG Report 2023). When the Board intends to implement gender diversity policies or targets for the board and senior management?

MMAG's Response:

- The Board will look into it.*

3. The Group acknowledges its deviation from Practice 13.6, which specifies that minutes of the general meeting should be distributed to shareholders no later than 30 business days after the general meeting (page 55 of CG Report 2023). Listed companies are obligated by the Listing Requirements to promptly publish a summary of the key matters discussed at the annual general meeting following its conclusion. This summary can be uploaded to the website to ensure accessibility for shareholders. Please take note.

MMAG's Response:

The Board takes note of Practice 13.6 and will upload the minutes to the Company's website within the stipulated timeline.

(B) Other questions/comments from shareholders/proxies and MMAG's responses

1. MSWG delegate Encik Norhisam Bin Sidek strongly encouraged the Company to meet Practice 5.9 of the MCCG despite the Company is not a large company.
2. The proxy holder, Mr. Poravi A/L S.P Sithambaram Pillay observed the 5-year Financial Highlights stated in the Annual Report 2023 and made some comments on the Group's performance:
 - a) Revenue has gone up tremendously from RM75.094 million for the financial year ended 31 March 2019 to RM422.096 million for the financial year ended 31 March 2023. However, the losses increased from RM22.176 million in the financial year 2019 to RM73.826 million in the financial year 2023.
 - b) The gearing ratio increased to 2.1 times in the financial year 2023 from 0.2 times in 2019.
 - c) The Net Assets per Share was low at 7.71 sen as of 31 March 2023.
 - d) With respect to the business segment disclosure, the sales of Mobile and Fulfilments sector decreased by RM73.0 million, equivalent to 27%, as compared with the preceding financial year ended 31 March 2022.

MMAG's response

- a) *In the past five years, we changed our business model from a trading house to a total supply chain company.*
 - b) *We need to invest more money in order to become a full-service supply chain provider. Currently, we have 4 aircraft for the air cargo business and approximately 500 trucks for courier services.*
 - c) *For the courier service business, we work very hard to achieve the Service Level Agreements as one of our parameters.*
 - d) *The management has worked very hard in recent years to boost income and is now focusing on turnaround.*
3. The management will discuss and arrange to send door gifts to the shareholders/proxies who attended the 20th AGM.