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

MINUTES of the Twenty-first ("21st") Annual General Meeting ("AGM") ("the Meeting") of MMAG Holdings Berhad ("MMAG" or "the Company") duly convened and held at No. 3, Jalan TP 2, Taman Perindustrian UEP, 47600 Subang Jaya, Selangor Darul Ehsan on Thursday, 27 February 2025 at 10:00 a.m.

Board of Directors present	:	Tan Sri Dato' Seri Mohd Khairul Adib Bin Abd Rahman (Chairman of the Meeting) Mr. Chin Boon Long Mr. Chong Koon Meng En. Ahmad Luqman Bin Mohd Azmi Mr. Yeap Say Woi Dato' Sok One A/L Esen Tuan Haji Noorzainy Bin Haji Mohd Noor Dato' Che Nazli Binti Jaapar Encik Azman Bin Mat Ali Mdm. Chan Swee Ying (Alternate Director to Mr. Chin Boon Long)
In Attendance	:	Ms. Maggie Kong (representing Secretary)
Invited Guests	:	As per the Attendance List
Shareholders/Proxies	:	As per the 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.

QUORUM

Tan Sri Chairman informed that 33 shareholders/proxies, totalling 951,705,762 ordinary shares or 41.20% of the Company's total number of issued shares were registered and present at the Meeting. With the requisite quorum present, Tan Sri Chairman declared the Meeting duly convened.

NOTICE

The Notice of 21st AGM dated 21 January 2025 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 the 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 would take on all questions and answers for each of the proposed resolutions, after all matters in the agenda are deliberated, then only open for electronic voting.

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 the operational and financial matters, and sustainability matters to which the Company has replied in writing accordingly.

The Chief Financial Officer, Ms. Pauline Lim was invited to present the letter from MSWG dated 20 February 2025 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 period ended 30 September 2024 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 period ended 30 September 2024 together with the Reports of the Directors and Auditors thereon which was meant for discussion only. Hence, it was not put forward for voting.

Tan Sri Chairman invited attendees to raise questions about the financial statements. There were some clarifications from the floor. The details of which are in Annexure I attached. After due deliberation from the floor on the Audited Financial Statements for the financial period ended 30 September 2024, Tan Sri Chairman declared the Audited Financial Statements for the financial period ended 30 September 2024 and the Reports of the Directors and Auditors thereon were received.

2. To approve the following payments:-
- **(i) Non-Executive Directors' fees and benefits of RM13,500.00 from 1 September 2024 to 30 September 2024 [Ordinary Resolution 1]; and**
- **(ii) Non-Executive Directors' fees and benefits up to RM790,000.00 from 1 October 2024 until the next Annual General Meeting of the Company [Ordinary Resolution 2]**

Tan Sri Chairman tabled Ordinary Resolutions 1 and 2 which were in relation to the following payments:-

(i) Non-Executive Directors' fees and benefits of RM13,500.00 from 1 September 2024 to 30 September 2024; and
(ii) Non-Executive Directors' fees and benefits up to RM790,000.00 from 1 October 2024 until the next Annual General Meeting of the Company.

Directors who are shareholders of the Company would abstain from voting on these resolutions to approve his/her own fees and benefits pursuant to Practice 7.2 of the Malaysian Code on Corporate Governance.

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

(i) Tan Sri Dato' Seri Mohd Khairul Adib Bin Abd Rahman - Clause 78 [Ordinary Resolution 3];
(ii) Mr. Yeap Say Woi - Clause 78 [Ordinary Resolution 4];
(iii) Mr. Chin Boon Long - Clause 79 [Ordinary Resolution 5];
(iv) Dato' Che Nazli Binti Jaapar - Clause 79 [Ordinary Resolution 6]; and
(v) Encik Azman Bin Mat Ali - Clause 79 [Ordinary Resolution 7]

Tan Sri Chairman tabled Ordinary Resolutions 3, 4, 5, 6 and 7 which dealt with the re-elections of Mr. Yeap Say Woi, Mr. Chin Boon Long, Dato' Che Nazli Binti Jaapar, Encik Azman Bin Mat Ali and himself. The Directors were subject to retire by rotation under Clause 78 and Clause 79 of the Company's Constitution respectively and being eligible, had offered themselves for re-election.

Their profiles were set out in the Board of Directors' Profile on pages 5, 6, 9, 11 and 13 of the Annual Report 2024.

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 8]

Messrs. Grant Thornton Malaysia PLT, represented by Ms. Lee Sheau Wei and Ms. Yap Wen Yee, were present at the Meeting.

Tan Sri Chairman informed that Ordinary Resolution 8 was in relation to the re-appointment of the retiring auditors, Messrs. Grant Thornton Malaysia PLT as the Auditors of the Company and to hold their office until the conclusion of the next Annual General Meeting of the Company and authorise the Board of Directors to fix their remuneration.

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

5. Authority to allot shares pursuant to the Companies Act 2016 and waiver of pre-emptive rights [Ordinary Resolution 9]

Tan Sri Chairman informed that Ordinary Resolution 9 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 Company's Constitution. This authority would enable the Directors to issue 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.

No shares have been issued and allotted by the Company since obtaining the said authority from the shareholders at the last Annual General Meeting held on 28 August 2023.

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

6. Proposed Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature ("Proposed RRPT Mandate") [Ordinary Resolution 10]

Tan Sri Chairman informed that Ordinary Resolution 10 was to authorise the Company and/or its subsidiaries to enter into the recurrent related party transactions with the related parties, the details of which have been disclosed in Section 2.5 of the Circular dated 21 January 2025.

Tan Sri Chairman highlighted and confirmed that the interested Directors namely, Mr. Chin Boon Long, Mdm. Chan Swee Ying and himself have abstained from board deliberation. Mdm. Chan Swee Ying being a major shareholder of the Company would abstain from voting on this resolution and has undertaken to ensure that the persons connected with her shall also abstain from voting in respect of her direct and indirect interests in relation to the Proposed Shareholders' Mandate.

7. To re-elect the Director, En. Ahmad Luqman Bin Mohd Azmi [Ordinary Resolution 11]

Tan Sri Chairman tabled Ordinary Resolution 11 on the re-election of the Director, En. Ahmad Luqman Bin Mohd Azmi who was subject to retirement by rotation in the Meeting under Clause 79 of the Company's Constitution and being eligible, had offered himself for re-election. Tan Sri Chairman informed that En. Ahmad Luqman Bin Mohd Azmi was appointed to the Board on 3 February 2025 and the Company had issued a subsequent Addendum to the 21st AGM Notice. His profile was set out in the Addendum to the 21st AGM Notice.

8. POLLING PROCESS

As there was no further business, Tan Sri Chairman requested shareholders/proxies to cast their votes by e-polling. The Meeting was adjourned for poll voting.

9. 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	27	951,704,322	99.9998	6	1,440	0.0002	Accepted
Ordinary Resolution 2	29	951,704,352	99.9999	4	1,410	0.0001	Accepted
Ordinary Resolution 3	30	951,704,452	99.9999	3	1,310	0.0001	Accepted
Ordinary Resolution 4	30	951,704,452	99.9999	3	1,310	0.0001	Accepted
Ordinary Resolution 5	30	951,704,452	99.9999	3	1,310	0.0001	Accepted
Ordinary Resolution 6	30	951,704,452	99.9999	3	1,310	0.0001	Accepted
Ordinary Resolution 7	30	951,704,452	99.9999	3	1,310	0.0001	Accepted
Ordinary Resolution 8	30	951,704,452	99.9999	3	1,310	0.0001	Accepted

Ordinary Resolution 9	30	951,704,452	99.9999	3	1,310	0.0001	Accepted
Ordinary Resolution 10	29	519,342,052	99.9997	3	1,310	0.0003	Accepted
Ordinary Resolution 11	28	951,704,512	99.9999	2	1,210	0.0001	Accepted

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

IT WAS RESOLVED:-

Ordinary Resolution 1

"THAT the payment of Non-Executive Directors' fees and benefits of RM13,500.00 for the period from 1 September 2024 to 30 September 2024, be and is hereby approved."

Ordinary Resolution 2

"THAT the payment of Non-Executive Directors' fees and benefits up to RM790,000.00 from 1 October 2024 until the next Annual General Meeting of the Company, be and is hereby approved."

Ordinary Resolution 3

"THAT Tan Sri Dato' Seri Mohd Khairul Adib Bin Abd Rahman, 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 Yeap Say Woi, 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 5

"THAT Chin Boon Long, retiring by rotation pursuant to Clause 79 of the Company's Constitution and being eligible, be and is hereby re-elected to the Board."

Ordinary Resolution 6

"THAT Dato' Che Nazli Binti Jaapar, retiring by rotation pursuant to Clause 79 of the Company's Constitution and being eligible, be and is hereby re-elected to the Board."

Ordinary Resolution 7

"THAT Azman Bin Mat Ali, retiring by rotation pursuant to Clause 79 of the Company's Constitution and being eligible, be and is hereby re-elected to the Board."

Ordinary Resolution 8

"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 9

"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."

Ordinary Resolution 10

"THAT approval be hereby given to the Company and its subsidiaries ("Group") to enter into the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.5 of the Circular to Shareholders dated 21 January 2025 which are necessary for the Group's day-to-day operations provided such transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not detrimental to minority shareholders and such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by ordinary resolution passed at such AGM, the authority is renewed; or
(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
(c) the authority is revoked or varied by ordinary resolution passed by the shareholders in general meeting; or whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all 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 RRPT Mandate."

Ordinary Resolution 11

"THAT Ahmad Luqman Bin Mohd Azmi, retiring by rotation pursuant to Clause 79 of the Company's Constitution and being eligible, be and is hereby re-elected to the Board."

10. TERMINATION

There being no further matters, the Meeting concluded at 11:00 a.m. with a vote of thanks to the Chair.

Confirmed True Record,

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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 20 February 2025

OPERATIONAL & FINANCIAL MATTERS

1. The Group made RM824.37 million in revenue over 18 months, from 1 April 2023 to 30 September 2024 ("FPE 2024"), which is nearly double the RM422.10 million from the previous year ("FYE 2023"). On a yearly basis, the revenue for FPE 2024 was RM549.58 million, an increase of RM127.48 million or 30.20%. The growth mainly came from the Mobile & Fulfilments and Air Freight segments, which earned RM238.61 million and RM220.09 million respectively. These are increases of RM42.92 million (21.93%) and RM71.04 million (47.66%) compared to the previous year ("FYE 2023"). (Source: Page 23 of Annual Report (AR) 2024).

   (a) What **factors** contributed to the strong growth in the Mobile & Fulfilments and Air Freight segments and are there any **challenges** within the Mobile & Fulfilments and Air Freight segments that could impact on the Group's ability to sustain this growth?

   MMAG's Response:

   - *The strong growth in Mobile & Fulfilments segment was primarily driven by the increased demand of mobile devices, electronics and electrical, and lifestyle related products within the telecommunication sector. Additionally, the strong growth also fuelled by an active acquisition and retention programs launched by our business partners.*

   - *Meanwhile, the expansion of airfreight cargo operations following MMAG's fleet growth and increasing demand for express and e-commerce shipments has been a key factor. Furthermore, strategic partnerships with MasKargo, Teleport, China Southern Airlines and ANA have enhanced MMAG's connectivity and volume capacity. The rising demand for perishable and high-value goods, such as seafood, electronics, and medical supplies, has further contributed to the segment's strong performance.*

   - *Challenges are constantly challenged. We continue to monitor the market movement, and also sensitive and alert in the global market. During this tech race, chip war and the changes in the geopolitical landscape, the supply chain of IT related products might hit some obstacles, in particular component and inventory availabilities. If the trend continues, it might slowdown sales.*

   - *The Air Freight segment faces several challenges. High operating costs, including aircraft leasing, fuel prices, and ground handling fees, continue to put pressure on margins. Regulatory and compliance risks related to aviation licenses (ASL, AOC, GHL, TAC) remain a key factor, as failure to renew or comply with regulations could disrupt operations. Dependence on third-party providers for essential services such as maintenance, refueling, and airport facilities introduces risks of cost fluctuations and service reliability issues. Additionally, significant capital requirements for fleet expansion and ground handling equipment may require additional financing, which could lead to higher debt levels or shareholder dilution if equity funding is needed.*

   b) What **measures** is the Group implementing to strengthen its existing segments?

   MMAG's Response:

   - *For Mobile & Fulfilments segment, the Group intends to transform this segment into a supply chain management business pillar, to expand the revenue stream through* *multiple services and solutions. The Groups would like to tap into the recurring revenue income business proposition.*

- *To further strengthen its supply chain capabilities, the Group is focusing on continuous collaboration and innovation with strategic partners that complement its operations and address existing gaps. These partnerships will enhance logistics efficiency, distribution capabilities, and service offerings, positioning the Group as a leading end-to-end fulfillment provider.*

- *Additionally, to support expansion and meet industry-specific requirements, the Group plans to enhance and upgrade its facilities by investing in larger warehousing spaces, increased automation, and specialized storage solutions. This includes temperature-controlled environments, secured storage for high-value goods, and enhanced inventory management systems to cater to the demands of diverse industries requiring specialized handling and fulfillment solutions.*

- *On the other hand, to enhance profitability of the Air Freight segment, the Group is focusing on fleet expansion and route optimization to increase cargo capacity and efficiency. Strategic partnerships with global logistics players will secure consistent cargo volume and revenue streams.*

- *To manage high operating and maintenance costs, the Group is implementing fuel hedging, optimized route planning, and automation while leveraging real-time tracking and AI-driven logistics solutions to enhance visibility and efficiency.*

- *The Group is also ensuring strict regulatory compliance with aviation licenses (ASL, AOC, GHL, TAC) while strengthening in-house capabilities through XCT (cargo handling) and MSS (ground handling) to reduce reliance on third parties and control costs.*

- *Given the capital-intensive nature of aviation, the Group is adopting prudent financial management and diversified funding strategies to support aircraft acquisitions and operational growth while ensuring long-term sustainability.*

2. The Air Freight division is the second largest revenue source, contributing 40.05% of the Group's revenue in 2024, up from 35.31% in 2023. This division offers air cargo services, using its own aircraft to transport goods for businesses. The growth was mainly driven by higher demand for air cargo, especially for high-value and time-sensitive goods. Despite this, the division reported a loss of RM67.66 million in 2024, compared to RM41.20 million in 2023. The loss was due to higher operating costs, such as fuel, ground handling, air navigation fees, and increased maintenance and leasing costs. However, strategic partnerships and more cargo volume helped support the division's performance. (Source: Page 24 of Annual Report (AR) 2024).

(a) What **actions** are being taken to **improve profitability and reduce costs** in the Air Freight division, especially in terms of aircraft maintenance and leasing?

<u>*MMAG's Response:*</u>

- *To improve profitability, the Group is optimizing fleet utilization and route efficiency to lower fuel consumption, air navigation fees, and ground handling costs.*

- *With fuel accounting for 40% of total costs, the Group is actively managing USD fluctuations through hedging strategies to reduce currency risk exposure. Additionally,* *pilots are engaged in a fuel optimization project, incorporating optimum flight planning to enhance fuel efficiency and lower fuel consumption.*

- *In terms of aircraft leasing and maintenance, the Group is transitioning to a mixed ownership and leasing model, where owning aircraft reduces long-term leasing costs and eliminates Maintenance Reserves Fund (MRF) payments, which are based on aircraft utilization (the higher the usage, the higher the MRF cost). Under ownership, these costs no longer apply, leading to significant savings.*

- *The Group is also leveraging in-house capabilities through XCT Aviation Sdn Bhd for cargo handling and our joint venture company, Menzies Aviation Malaysia Sdn Bhd for ground services, reducing reliance on third-party providers and lowering operational costs.*

- *Strategic partnerships with key partners such as Unilode Aviation Solutions for Unit Load Devices management and TP Aerospace for wheels & brakes for better efficiency and cost-control.*

(b) What **strategic partnerships** have helped increase cargo volume, and how can the company strengthen these partnerships in the future?

MMAG's Response:

- *The Group has formed key partnerships with major air cargo players such as MasKargo, Teleport, China Southern Airlines, and ANA, increasing cargo volume and strengthening regional connectivity. These collaborations enhance fleet utilization, ensuring a steady cargo flow and revenue stream.*

- *To further strengthen these partnerships, the Group is increasing its aircraft capacity to secure new routes and strengthen interline agreements with existing partners. It is also collaborating with global freight forwarders to increase cargo throughput while offering customized air cargo solutions to attract long-term contracts. Additionally, investments in automation and digitalization will enhance operational efficiency, transparency, and reliability, positioning MMAG as a preferred partner in the air freight industry.*

3. The Group's Mobile & Fulfilment and Air Freight divisions rely on overseas suppliers for their supplies, which are priced in USD, exposing the Group to foreign exchange risks. To manage this, the Group uses hedging strategies to minimize its exposure to currency fluctuations. (Source: Page 27 of Annual Report (AR) 2024).

(a) What is the current **hedging policy** of the Group? What percentage of the Group purchases are denominated in USD? To what extent are the purchases hedged?

MMAG's Response:

- *The Air Freight Division is the main division which has more exposure to currency fluctuation, primarily through its financing facilities and transactions denominated in USD. Natural hedging, achieved by matching USD-denominated sales and purchases, comprising approximately 50% of total purchases and sales respectively, has been effective in minimizing currency risk in the profit and loss statement. However, the reliance on USD for leasing facilities is the key element that exposing the Air Freight Division to the fluctuation of foreign currency and warrant further action.*

- *To mitigate the foreign exchange risk, the Group is proposing a change in functional currency for the Division from MYR to USD. This approach could provide significant benefits, such as reducing exposure to currency fluctuations and improving the accuracy of financial reporting. Additionally, considering alternative strategies like hedging instruments may complement this approach, further mitigating foreign exchange risks.*

- *At the present moment, 90% of the goods purchased for the Mobile & Fulfilment division is either via Ringgit Malaysia (RM) or RMB. The USD fluctuation exposure is quite minimum. On the balance 10%, we will perform hedging once we place the order.*

4. The Group incurred a net loss of RM105.1 million and generated a negative operating cash flow of RM38.37 million during the financial period from 1 April 2023 to 30 September 2024. These events or conditions indicate material uncertainty that may cast doubt on the Group's ability to continue as a going concern. The Directors are of the opinion that the ability of the Group to continue as a going concern will be dependent on the continued successful operation of the mobile and fulfilment, courier and logistics as well as air freight services in line with management expectations. If these are not forthcoming, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. (Source: Page 87 of Annual Report (AR) 2024).

a) How does the Board **plan** to address the abovementioned issues highlighted?

<u>*MMAG's Response:*</u>

To improve the Group's financial position, initiatives below are being implemented:

- *Cost Management and Operational Efficiency*
  Conduct a thorough review of current operational processes within divisions to streamline operations. Initiatives such as implementing lean management techniques to reduce waste and improve efficiency, particularly in the Courier and Logistics and Air Freight segments.

- *Revenue Diversification*
  The Group continues to pursue diversification by introducing new services such as logistics, warehousing solutions, or expanded product lines catering to changing market needs. Another area is also to look into how to further enhance fulfillment capabilities by tailoring services to target specific industries which requires specialized solutions, thereby broadening customer bases and securing longer-term contracts.

- *Strengthen Strategic Partnerships*
  i. <u>*Leverage Existing Relationships*</u>*: Deepen collaborations with key partners (like MasKargo and Teleport) to bolster cargo volumes and enhance distribution efficiency. This could involve optimizing logistic workflows or co-developing services tailored to market demands.*

  ii. <u>*Explore New Partnerships*</u>*: Investigate opportunities for new strategic affiliations that might bolster market presence or fill gaps in service offerings, which can drive additional revenue streams.*

- *Financial Restructuring*
  The Group is transitioning to a mixed ownership and leasing model, where owning aircraft reduces long-term leasing costs and eliminates Maintenance Reserves Fund (MRF) payments, which are based on aircraft utilization (the higher the usage, the higher the MRF cost). Under ownership, these costs no longer apply, leading to significant savings.

Proposal to change the functional currency to reduce reliance on USD denominated financings in Air Freight Division will be another initiative to mitigate the currency risks.

- *Focus on Cash Flow Management*
  i. Enhance cash flow management practices to ensure better forecasting, helping to avoid shortfalls and manage operating expenses effectively.

  ii. Implement receivable collection strategies: Accelerate inventory turnover and improve collection processes for receivables to maintain liquidity.

- *Continuous Monitoring and Reporting*
  Establish a framework for ongoing evaluation of segment performance against management expectations, focusing on key performance indicators (KPIs) to detect issues early by implementing regular performance reviews.

b) What are management's priorities and strategies to **enhance operating cash flows and working capital in FY2025** and beyond?

MMAG's Response:

- *By strategically addressing the areas mentioned in (a) above, the Group can work towards stabilizing and enhance its operating cash flows and working capital, thereby enhancing the likelihood of continuing as a viable business in the face of existing challenges.*

5. On 12 July 2023, MJets, JT Aerotech, the Company, and its current and former directors were sued in the Kuala Lumpur High Court. The plaintiffs, Gunasekar and Philip, claim the company broke its duties and filed a previous lawsuit. The company and directors filed their defense in October 2023, and the plaintiffs responded in January 2024. In February 2024, the company and two directors asked to file a counter-response, which the court allowed in May 2024. The plaintiffs' request for a further response was rejected.

The company and directors tried to have the plaintiffs' claim dismissed, but in November 2024, the court rejected this and imposed a cost of RM10,000 for each application. The court set the following schedule:

- Pre-trial documents to be filed by 13 January 2025 and 10 March 2025.
- A case management meeting is set for 11 March 2025.
- The trial dates are 18 July 2025, 28 November 2025, and in 2026 (13-16 April, 20-23 April, 27-30 April).

The solicitors representing the Group are unable to predict the financial outcome at this stage of the proceedings. However, the Directors do not anticipate that the outcome will significantly impact on the Group's financial position. (Source: Page 153 of Annual Report (AR) 2024).

(a) What is the **estimated cost of legal fees** and other expenses related to this lawsuit, and how is the company managing these costs?

MMAG's Response:

- *As of to-date, the legal fees incurred amounting to approximately RM100,000. The Company is managing the costs by proper operating budget and to keep the cost within a manageable amount.*

(b) Could the Board provide more details on why they believe the **outcome** of this lawsuit will **not significantly impact** on the Group's financial position?

MMAG's Response:

- *The Board is confident that the outcome of the lawsuit will not significantly impact the Group's financial position for the following reasons:-*
  - *i. Strong Defence Position: The Directors, along with legal counsel, have thoroughly reviewed the allegations made by the plaintiffs and are of the belief that the Company has a good prospect of defending against the Plaintiffs' claims. Furthermore, the Company had also won on previous minority oppression claims whereby the Plaintiff's Originating Summons was dismissed by High Court, with costs, as announced on 19 August 2022.*
  - *ii. Financial Preparedness: The Company has proactively allocated resources to manage legal expenses within manageable sum and ensuring that any potential liabilities from this lawsuit can be absorbed without jeopardizing financial stability.*

(c) What **steps** is the Group taking to manage potential financial risks if the outcome of the case is unfavorable to the company?

MMAG's Response:

The Group is taking the following comprehensive steps:

- *Establishing a Contingency Fund: The Company is setting aside a contingency reserve specifically for legal expenses and potential settlements related to this case. This proactive approach ensures funds are readily available to cover unforeseen costs without disrupting operations.*

- *Cost Control Measures: The Group is implementing tight controls over discretionary spending and continually reviewing operational costs to identify areas where expenses can be minimized. This careful monitoring will help preserve cash flow during the litigation process.*

- *Strategic Financial Planning: The Board is engaged in ongoing financial planning to assess cash flow scenarios, allowing for adjustments to business strategy as needed. This includes identifying alternative funding sources or adjusting plans for capital expenditures.*

SUSTAINABILITY MATTERS

1. "We recognize the importance of gender diversity and are continuously working towards improving the representation of female employees within our organization. Currently, male employees represent 89% of our workforce, with a substantial presence in both executive (67%) and non-executive (93%) roles. Female employees make up 11% of our workforce, with 33% in executive positions and 7% in non-executive roles".

   "Due to the nature of our business in the logistics, warehousing, and airfreight industry, which often requires significant physical labour, the percentage of male workers is higher". (Source: Page 52 of Annual Report (AR) 2024).

   a) What is the company's target for gender diversity and is there a specific timeline to achieve it?

MMAG's Response:

- *Given the male-dominated nature of the logistics, warehousing, and airfreight industry, the Group acknowledges that achieving a balanced gender ratio is challenging due to the physical demands of many operational roles. However, the Group remains committed to progressively improving female representation, particularly in executive and managerial positions.*

- *While there is no fixed percentage target at this time, the Group aims to increase female participation in leadership roles and expand opportunities in administrative, technical, and support functions. This will be a gradual process, with ongoing efforts focused on long-term inclusion strategies rather than immediate numerical targets.*

b) What actions is the company taking to improve the representation of female employees, particularly in executive and non-executive roles, given that women currently make up only 11% of the workforce?

MMAG's Response:

- *Recognizing that the logistics, warehousing, and airfreight industry is traditionally male-dominated due to its physical labor requirements, the Group is actively implementing initiatives to encourage greater female participation.*

- *For executive roles, the company is focusing on leadership development programs, mentorship, and career progression opportunities tailored for female employees. The Group is also reviewing policies to support work-life balance, such as flexible work arrangements and family-friendly policies, to attract and retain more female professionals.*

- *For non-executive roles, the Group is exploring technology-driven solutions and automation to reduce manual labor-intensive tasks, making operational roles more accessible to women. Additionally, targeted recruitment efforts and training programs are being developed to increase female participation in various functions across the business.*

- *Furthermore, the Group proactively mobilizes female talent into roles that best align with their skills and capabilities, ensuring that their contributions are maximized towards achieving the company's overall goals and strategic objectives.*

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

Q1. What is the amount of the plaintiffs' claim in the lawsuit that Gunasekar and Philip filed against the Company and other parties?

A1. The plaintiffs claimed against the Company and others for approximately RM49.0 million. The Company is confident in this ongoing counter-sue lawsuit.

Q2. Does the US President, Donald Trump's tariff affect the business of MMAG group in terms of exporting electrical goods?

A2. Trump's tariff may not impact us for the time being, as our major customers for the Mobile & Fulfilment Division are telcos such as CelcomDigi, Telekom, Maxis and Umobile.

Q3. What are the concerns of Directors about the high gearing ratio, negative cash flow and substantial decrease in the cash and bank balances?

A3. The high gearing ratio was mainly due to aircraft leasing. Our strategy was to convert the leased aircraft into owned aircraft which is more favourable to the Group for asset ownership. With the recent acquisitions of two aircraft by the Group, we made upfront cash payments which strained our cash flows. Nevertheless, our cash and bank balances increased in the first quarter of 2025.

4. A shareholder commended the Group's revenue growth over the last five years.

5. Following the shareholders' request, the Board will consider a door gift or e-wallet top-up as a token of appreciation for their attendance.