

JHM CONSOLIDATION BERHAD
[Company No.: 200501009101 (686148-A)]
(Incorporated in Malaysia)

SUMMARY OF THE KEY MATTERS DISCUSSED AT THE SIXTEENTH ANNUAL GENERAL MEETING (“16th AGM”) OF THE COMPANY HELD AT THE BROADCAST VENUE AT CONFERENCE ROOM OF JHM CONSOLIDATION BERHAD, 15-1-21 BAYAN POINT, MEDAN KAMPUNG RELAU, 11900 PULAU PINANG (“BROADCAST VENUE”) ON MONDAY, 31 MAY 2021 AT 2.30 P.M

The Chairman informed the shareholders that this meeting was conducted virtually to ensure the safety and to minimise the health risks of the shareholders and its employees during this Covid19 pandemic.

The Chairman briefed the shareholders that Dato’ Tan King Seng (Group Chief Executive Office and largest shareholder of the Company), Mr Koh Yew Wah (Executive Director), Mr Khor Thean Lee (Executive Director), Mr Cheah Choon Ghee (Executive Director) and Ms Low Soo Kim (Executive Director) attended the AGM at the Broadcast Venue.

Besides Ms Wong Chi Yeng (Independent Non-Executive Director), Mr Lai Fah Hin (Independent Non-Executive Director), Mr Khor Cheng Kwang (Independent Non-Executive Director), Mr Allen Chee Wai Hong (Company Secretary), Ms Tan She Chia (Company Secretary) and Mr Terence Lau (Auditors) attended the AGM via Remote Participation & Voting (“RPV”) facility.

After confirming that a quorum was present pursuant to the Company’s Constitution, the Chairman called the meeting to order at 2:30 p.m.

The Chairman informed the shareholders that the Notice of the AGM having been circulated within the prescribed period.

With the consent of members and proxies present via RPV facility, the notice convening the meeting was taken as read.

The members and proxies were informed that the AGM will be carried out by going through each individual agenda and the members and proxies can ask questions, using the online Questions and Answers (“Q&A”) platform. The Directors will endeavor to answer as many relevant questions as possible on first come first serve basis by grouping similar questions together so that the similar questions can address at the same time.

AGENDA 1

TO RECEIVE THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

Members were informed by the Chairman to receive the audited financial statements of the Company for the financial year ended 31 December 2020 together with the reports of the directors and auditors thereon.

The following questions were raised by the members and/or proxies and were responded by the Directors as follows:-

	Questions	Answers
(a)	<p>The Capital expenditure (“Capex”) in 2019 and 2020 amounted to RM24.74 million and RM21.38 million respectively.</p> <p>Can you please explain more how the management is confident with such high increase of Capex as compared with 2017 and 2018? And please explain why the revenue is not in line with the Capex spent?</p> <p>The return on assets (“ROA”) in 2019 and 2020 only single digit as compared with ROA in 2016 to 2018 average at 15%. Can you please explain more on this?</p>	<p><i>Ms. Low Soo Kim replied that in second half of 2019, the Group has acquired a land and building located at Kulim (the “Building”). The Building was ready for production in second half of 2020. It is for expansion of Industrial segment in sheet metal, the revenue in this segment has increased in year 2020 with approximately 20%.</i></p> <p><i>There was rental saving of approximately RM800,000 per year after acquired the Building.</i></p> <p><i>The Capex spending in year 2020 was towards the end of the year, the Group has done virtual audit by customer beginning of year 2021. This was delayed in the process to register as authorized vendor list (“AVL”) with new customers due to longer time required for verification resulted from audit virtually.</i></p>
(b)	<p>Referring to annual report pages 90 and 100, other Asian countries contribute about 15% of the total revenue. Could you further explain which countries contribute the most?</p>	<p><i>Ms. Low Soo Kim replied that Singapore customers contributed most to the total revenue of the Group from Asian countries.</i></p>
(c)	<p>Why the trade receivable (RM130 million) is much higher compared to trade payable (RM32 million).</p> <p>If there is any interest charge for late payment customer?</p> <p>What is the action been taken by the Group to reduce the amount of trade receivables so that the money can use for business expansion?</p> <p>Receivables for major customer is increasing, is there any risk of impairment?</p>	<p><i>Ms. Low Soo Kim replied that longer credit term was given to customers and there was a delayed in payment from customer end of the year couple with higher sales in the second half of year 2020.</i></p> <p><i>No interest charged on late payment to customers thus far and the payment cycle from customers was back to normal since beginning of year 2021.</i></p> <p><i>There was no impairment needed.</i></p>

ORDINARY RESOLUTIONS 1 TO 11

The Chairman went through the proposed ordinary resolutions 1 to 11.

OTHER RELEVANT QUESTIONS RECEIVED

The following questions were raised by the members and/or proxies and were responded by the Directors as follows:-

	Question	Answers
(a)	<p>For the industrial division, how was the progress of the telecommunication equipment manufacturing business currently after the land acquisition and when it is estimated to ready for production?</p> <p>Since the purchase of land at Seberang Perai Selatan amounted to RM27 million has been cancelled, any further planning?</p>	<p><i>Dato' Tan King Seng replied that members can refer to the Company's announcement on 28 May 2021 pertaining to purchase of a land in Batu Kawan.</i></p> <p><i>The construction of the new operational facility on the land is expected to commence by second half of year 2021, subject to the approval of planning permission and building plans from the relevant authorities. The construction is expected to be completed by second half of year 2022.</i></p> <p><i>Dato' Tan King Seng updated that one of the 5G data exchange enclosure has been qualified by the Group's customer and the Group is currently supplying sheet metal enclosure.</i></p> <p><i>However, upon completion of construction of the factory at Batu Kawan, this project will be included electronics component supply and module assembly.</i></p>
(b)	<p>Any business opportunity derived from United States of America and China ("US-China") trade war? Whether the group benefited from the trade war? If no, whether there is any plan for the group to penetrate to china market?</p>	<p><i>Dato' Tan King Seng replied that the Group has benefited from the US-China trade war.</i></p> <p><i>The Group's recent expansion in the telecommunication equipment is from US based company which will be transferring the projects from China to the Group.</i></p> <p><i>There were number of projects in the stage of qualification and some were already approved and waiting for mass production.</i></p>
(c)	<p>The Group recently announced a joint venture ("JV") with Skywoo Manufacturing Sdn Bhd</p>	<p><i>Dato' Tan King Seng replied that Skywoo is a Hong Kong based company, which is also a Geely qualified supplier for audio, video &</i></p>

	<p>("Skywooo"), can you please explain more? When is the operation started?</p>	<p><i>navigator ("AVN"). Skywooo has been supplying AVN to Proton for the past two (2) years.</i></p> <p><i>Prior to this JV, the Group has been approaching Proton for lighting business, since there is an opportunity for localization to support national car, the Group has been recommended by Proton to JV with Skywooo on the production of AVN module.</i></p> <p><i>The Group is expected to produce the first batch of AVN shipment to Proton in the third quarter of year 2021.</i></p>
(d)	<p>Can the Group update on the Horticulture business that was in collaboration with Singapore?</p>	<p><i>Dato' Tan King Seng replied that the Group has received orders from Singapore customers. However, due to Covid-19, the farm cannot be set up and hence, the horticulture project is deferred to the next financial year.</i></p>
(e)	<p>What is the business outlook for the Group's LED segment, industrial segment and the JV with Mass Precision, Inc. ("Mass Precision")? Is there any expansion plan for current and next few years?</p>	<p><i>Mr Koh Yew Wah replied that the business outlook for the Group's LED segment and industrial segment is very bright and strong. This is evident and shown in the Group new business ventures, for example, JV with Skywooo and Mass Precision.</i></p> <p><i>The Group is continuously planning ahead and there were a few more projects in the works and will announce accordingly.</i></p>
(f)	<p>Please estimate how many revenue and profit will increase in coming quarter since JV with Mass Precision?</p>	<p><i>Mr Koh Yew Wah replied that all the Group's JVs have gone through stringent and thorough operational and financial feasibility review.</i></p> <p><i>The JV with Mass Precision will be operational ready in the early fourth quarter of year 2021 and anticipated that the JV will give a very positive impact to the overall Group's performance.</i></p>
(g)	<p>What is the current utilisation rate of the plant?</p> <p>What is the current capacity of the</p>	<p><i>Mr Koh Yew Wah replied that the Group's current utilisation rate of the plant is at between 60% and 70% utilisation.</i></p>

	lines and does the Group needs any Capex in the near future?	<i>All new Capex, if required, is meant to support new and additional businesses. The Group will make the appropriate announcement as and when the Group secure new businesses.</i>
(h)	For automotive division, does the new potential customer verification process completed?	<i>Mr Koh Yew Wah replied that there were a few project awarded to the Group after gone through the new potential customer verification.</i> <i>The Group has secured three(3) to four(4) projects which were targeted for mass production.</i>
(i)	Kindly update the LED order or shipment booked by customer already up to which month?	<i>Mr Koh Yew Wah replied that this in an on-going process. The Customers will typically provide a six(6) to nine(9) months rolling forecasts and at some instances, the Group work hand in hand with the customers to load according to component lead time.</i>
(j)	Based on the results of fourth quarter for the financial year 2020, the automotive segment contributed 61.54% for the Group's revenue, will the Group further focus on automotive segment in future? Such as LED for electric vehicle (“EV”) car?	<i>Mr Koh Yew Wah replied that the Group will continue to focus on automotive segment. This is also a testament that the board and the management of the Group has successfully developed and grown other business segments while the Group still putting undivided focus to further grow the automotive business segment.</i>
(k)	Will the order from Volvo (truck) start contribute into the Group revenue for the financial year ending 2021? If yes, is there a United States Dollar (“USD”) 1.3 million’s order have to be completed within 2021? Besides, what is the Volvo truck's contribution to the total revenue in 2021?	<i>Mr Koh Yew Wah replied that the Group has completed and ironed out the last red tape with respect to this business account and currently in close communication with the customers.</i> <i>The Group expected there will be contribution from this new business account in 2021 and the Group shall make the necessary announcement accordingly, if requires.</i>
(l)	What is the expected impact of full movement control order (“FMCO”)	<i>Mr Koh Yew Wah replied that the impact of FMCO is minimal. The Group was still able to</i>

	<p>to the Group?</p> <p>Rising Covid-19 cases which is bringing Malaysia into full lockdown on 1st of June 2021 would be happy to hear back from the board of directors as to how the above challenges could possibly be addressed and overcome so that the Group's performance in the upcoming quarters would not be compromised.</p> <p>Whether movement control order ("MCO") 3.0 will affect the Group's revenue?</p> <p>What happen to aerospace part facilities as a result of Covid-19? Is there material impact and any impairment?</p> <p>What is the impact of FMCO to JHM? Any impact for production?</p>	<p><i>fulfill the customers' needs and requirements while strictly adhering to the Majlis Keselamatan Negara ("MKN")'s standard operating procedures ("SOP").</i></p> <p><i>The aerospace part facilities will still be in operation according to the MKN's SOPs. The Group does not have any material impact and there is no impairment at the moment.</i></p>
(m)	<p>Will the current shortage of chips affect the Group's orders?</p> <p>Is the Group facing any disturbance due to shortage of chips?</p> <p>Any raw materials shortage faced by the Group?</p>	<p><i>Mr Khor Thean Lee replied that in March 2021, there was a component shortage supply by one of the key supplier.</i></p> <p><i>The issue has been escalated to general motor ("GM") through the Group's customer.</i></p> <p><i>The GM's management conducts weekly meeting with the top management of key suppliers in US and currently the Group does not have critical material shortage supply issues.</i></p>
(n)	<p>How the Group is to be benefitted from the EV boom?</p> <p>How the management view on the EV trend? Does the Group participate in the EV supply chain? Please elaborate more, ie. Charging port/battery/sensor etc</p>	<p><i>Mr Cheah Choon Ghee replied that the Group definitely will benefit from EV boom.</i></p> <p><i>The Group views that the EV is a long term business opportunity for group. Currently the Group manufactures the sheet metal parts for its hardware customer.</i></p> <p><i>These Sheet Metal ("SM") parts using in their</i></p>

	<p>Please update the status for EV car's charging station product. What was the stage already done and what is the stage going to do. And this charging station product going to target which customer from which country? US or China?</p> <p>The Group has started working with a US company in the forefront of 5G to manufacture product related to EV charging station. How is the project going on and when will the collaboration started to contribute to the Group's earnings?</p>	<p><i>Regenerative Power System which is part of HEV/EV Power Converter Test Solutions products and also their photovoltaic ("PV") simulator test equipment.</i></p> <p><i>These products are also part of the equipment to support the E-mobility test solution. There was a high demand of the SM parts for the EV/PV/HEV projects currently produced by Mace Instrumentation Sdn Bhd ("Mace") since second quarter for the financial year 2021.</i></p> <p><i>The demand for EV is increasing from third quarter for the financial year 2021 onwards.</i></p> <p><i>The Group's targeted markets for EV were US and Europe market.</i></p>
(o)	<p>The material price for metal had been at high side now. Any impact on Mace? Whether Mace is able to maintain the margin by increasing the selling price to customer?</p>	<p><i>Mr Cheah Choon Ghee replied that there were no impact to Mace due to increase of material price for metal at the moment.</i></p> <p><i>The Group will revise to increase the selling price if there is any increase of material price.</i></p>
(p)	<p>Any impact to the Group for the deterioration of Ringgit Malaysia ("MYR") currency against other currencies such as USD and Chinese Yuan?</p>	<p><i>Ms Low Soo Kim replied that 70% of the Group's revenue was derived from USD, hence the weakening of MYR is advantages to the Group.</i></p>
(q)	<p>Does the management intend to give bonus issue or warrant?</p>	<p><i>Ms Low Soo Kim replied that the Group is restricted by disclosure requirements as stated in the Main Market listing requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant rules and regulations, hence, the Group will make relevant announcement(s) via Bursa Securities should the Group has the plan to carry out any corporate exercises.</i></p>
(r)	<p>As compared to other listed companies on similar industry, why the Group's share price movement is less favourable?</p>	<p><i>Ms Low Soo Kim replied that the share price is decided by demand and supply mechanism of the stock markets. From our point of view, the share price reflects the investors'</i></p>

	<p>The Group's valuation forward price earnings ("PE") ratio of 42 is quite high. What is the support for the Group's valuation? Sector average valuation PE?</p>	<p><i>confidence in the Group.</i></p> <p><i>As at 24 May 2021, there were approximately 25% of the Group's shareholders were institutional shareholders.</i></p> <p><i>The Group will always focus on strengthening its business operations, business development and improving its profit performance, at the same time, the Group will also enhance its investor relations activities by profiling the Group to investors, in particular, institutional investors.</i></p> <p><i>The shareholders may refer to Bursa Malaysia for sector average valuation PE.</i></p>
(s)	<p>The JV with Skywooo is to supply original equipment ("OE") to Proton. Any other opportunity to supply the OE to local or overseas?</p>	<p><i>Dato' Tan King Seng replied that after signing the JV with Skywooo, the Group received invitation from Sykwooo's China customers to supply OE to them.</i></p> <p><i>The production is expected to be commenced in second quarter of financial year 2021.</i></p>
(t)	<p>The revenue for automotive supply to US customers kept on reducing since 2019. What is the root cause?</p>	<p><i>Mr Koh Yew Wah replied that there was no lateral comparison for the results of year 2020 and year 2021 as the Group was impacted by MCO 1.0 in year 2020 as compared to lesser impact in year 2021.</i></p> <p><i>For this year's MCO, the Group was still able to run the factory and fulfill the customers' need. With the new projects secured, the automotive segment will grow.</i></p> <p><i>The Group has also taken constructive ways to diversify and venture to other business segments and not merely relying only on automotive segment which will continue to grow.</i></p>
(u)	<p>Will the new building in Batu Kawan contributes sharply for the financial year ending 2022?</p>	<p><i>Mr Koh Yew Wah replied that the construction of new building in Batu Kawan is targeted to be completed by second half of year 2022 and expect to have some positive contributions towards to the Group's performance.</i></p>

POLL RESULTS

All the resolutions tabled at the 16th AGM and voted by poll using RPV facility were duly passed by the shareholders.

There being no other business, the 16th AGM ended at 3.45 p.m.