

WANG-ZHENG BERHAD

[Registration No.: 200301009817 (612237-K)]

(Incorporated In Malaysia)

MINUTES OF THE SEVENTEENTH (17TH) ANNUAL GENERAL MEETING ("AGM") OF WANG-ZHENG BERHAD ("WZB" OR "THE COMPANY") HELD BY WAY OF VIRTUAL MEETING ENTIRELY THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT NO. 1, JALAN UTARID U5/19, SECTION U5, 40150 SHAH ALAM, SELANGOR, MALAYSIA ON WEDNESDAY, 23 SEPTEMBER 2020 AT 11.00 A.M

Present : As per attendance list

1. CHAIRMAN

Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd) ("Dr. Mohana" or "the Chairman") informed that Mr. Hui Lin Chit, the Non-Independent Non-Executive Chairman of the Company, had extended his apologies for not being able to attend the meeting.

With the concurrence of the Non-Executive Chairman, Dr. Mohana presided at the meeting and welcomed the members to the seventeenth (17th) AGM of the Company ("Meeting").

2. QUORUM

There being a quorum present at the Meeting, the Chairman declared the Meeting duly convened at 11.00 a.m.

3. NOTICE

With the consent of the Meeting, the Notice convening the Meeting having been circulated within the prescribed period was taken as read.

4. PRELIMINARY

Before proceeding with the agendas of the Meeting, the Chairman explained to the Meeting on how a resolution is determined. He informed that pursuant to Paragraph 8.29A of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company must ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company must appoint at least one (1) scrutineer to validate the votes cast at the general meeting. Such scrutineer must not be an officer of the Company or its related corporation, and must be independent of the person undertaking the polling process.

The Chairman further informed the Meeting that Boardroom V- Cube Malaysia Sdn Bhd ("Poll Administrator") has been appointed as Poll Administrator to conduct the polling process and SLCC Networks Sdn. Bhd. was appointed as Scrutineers to verify the poll results.

With the consent of the Meeting, the Chairman informed that the polling process for all the resolutions would be conducted upon completion of the deliberation of all items to be transacted at the Meeting.

The Chairman Further updated that although the meeting is virtually conducted, the Board welcome questions from the shareholders and proxies. During the tabling of each resolution for voting, the shareholders and proxies may post their questions via the communication chat box. The questions should be posted in relevancy to the resolutions to be considered.

Should there be a time constraint, the Board will revert via email to the shareholders who post the questions earliest possible. If the questions are particularly lengthy and some duplication, the Board may need to summarize them, for reasons of brevity.

5. TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

The Annual Report and Audited Financial Statements of the Company and of the Group for financial year ended 31 December 2019 ("FYE 2019"), together with the Reports of the Directors and Auditors thereon ("Audited Financial Statements") were tabled to the shareholders for discussion.

The Chairman informed that the Audited Financial Statements of the Company was meant for discussion only as Section 340(1)(a) of the Companies Act, 2016 provides that the Audited Financial Statements are to be laid in the general meeting and does not require a formal approval of the shareholders. Hence, it is not put forward for voting. However, the Company is pleased to deal with any questions from shareholders relating to the Audited Financial Statements.

For time management efficiency, all the Resolutions of the meeting will be tabled first and thereafter, any questions raise by the shareholders pertaining to these resolutions will addressed later.

**6. ORDINARY RESOLUTION 1
TO APPROVE THE PAYMENT OF THE FIRST AND FINAL SINGLE TIER TAX EXEMPT DIVIDEND OF 4.5 SEN PER SHARE UNDER THE SINGLE-TIER SYSTEM IN RESPECT OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2019.**

The Chairman informed that resolution no. 1 of the Meeting is to approve the payment of the First and Final Single Tier Tax Exempt Dividend of 4.5 sen per share for the FYE 31 December 2019.

The Chairman then invited the shareholders and proxy holders to raise their questions on the agenda item and the following resolution was put to the Meeting for voting by way of poll :-

"THAT the payment of the First and Final Single Tier Tax Exempt Dividend of 4.5 sen per share under the single-tier system in respect of the FYE 31 December 2019, be hereby approved."

7. ORDINARY RESOLUTION 2

TO APPROVE THE PAYMENT OF DIRECTORS' FEES OF UP TO RM162,000 AND OTHER BENEFITS OF UP TO RM120,000 IN RESPECT OF THE PERIOD FROM 23 SEPTEMBER 2020 UNTIL THE CONCLUSION OF THE NEXT AGM OF THE COMPANY

The Chairman informed that resolution no. 2 of the Meeting is to approve the payment of Directors' fees of up to RM162,000 and other benefits of up to RM120,000 in respect of the period from 23 September 2020 until the conclusion of the next AGM of the Company.

The Chairman then invited the shareholders and proxy holders to raise their questions on the agenda item, and the following resolution was put to the meeting for voting by way of poll :-

"THAT the payment of Directors' fees of up to RM162,000 and other benefits of up to RM120,000 in respect of the period from 23 September 2020 until the conclusion of the next AGM of the Company be hereby approved."

8. ORDINARY RESOLUTION 3 TO 6

TO RE-ELECT THE FOLLOWING DIRECTORS RETIRING IN ACCORDANCE WITH ARTICLE 105(1) OF THE CONSTITUTION OF THE COMPANY:

- (a) GOH KHENG JIU
- (b) LOO CHOO HONG
- (c) SZE MAN BOK
- (d) HUI CHING CHI

The Chairman referred to resolutions no. 3 to 6 on the re-election of Goh Kheng Jiu, Loo Choo Hong, Sze Man Bok and Hui Ching Chi who retires in accordance with Articles 105(1) of the Constitution of the Company and being eligible, had offered themselves for re-election.

The Chairman then invited the shareholders and proxy holders to raise their questions on the agenda item, and the following resolutions no. 3 to 6 were put to the Meeting for voting by way of poll :-

Ordinary Resolution 3

"THAT Goh Kheng Jiu who is retiring pursuant to Article 105(1) of the Constitution of the Company and who being eligible, be re-elected Director of the Company."

Ordinary Resolution 4

"THAT Loo Choo Hong who is retiring pursuant to Article 105(1) of the Constitution of the Company and who being eligible, be re-elected Director of the Company."

Ordinary Resolution 5

"THAT Sze Man Bok who is retiring pursuant to Article 105(1) of the Constitution of the Company and who being eligible, be re-elected Director of the Company."

Ordinary Resolution 6

"THAT Hui Ching Chi who is retiring pursuant to Article 105(1) of the Constitution of the Company and who being eligible, be re-elected Director of the Company."

9. **ORDINARY RESOLUTION 7**

TO APPOINT MESSRS PRICEWATERHOUSECOOPERS PLT ("PWC"), AS AUDITORS OF THE COMPANY IN PLACE OF THE RETIRING AUDITORS, MESSRS UHY ("UHY") AND TO HOLD OFFICE UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

The Chairman informed that resolution no. 7 of the Meeting is to appoint Messrs PricewaterhouseCoopers PLT ("PWC"), as Auditors of the Company in place of the retiring Auditors, Messrs UHY ("UHY") and to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

The Chairman further informed that Messrs UHY had indicated their intention for not seeking re-appointment as Auditors of the Company at the 17th AGM. The Board of Directors of the Company has proposed for the appointment of PWC, as the new Auditors of the Company for the ensuing year

The Chairman then invited the shareholders and proxy holders to raise their questions on the agenda item, and the following resolution was put to the meeting for voting by way of poll :-

"THAT the appointment of Messrs PricewaterhouseCoopers PLT ("PWC"), as Auditors of the Company in place of the retiring Auditors, Messrs UHY ("UHY") and to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration."

10. **SPECIAL BUSINESS - ORDINARY RESOLUTION 8 TO 11**

TO APPROVE THE FOLLOWING DIRECTORS, EACH OF WHOM HAS SERVED AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR ("INED") FOR MORE THAN TWELVE YEARS, TO CONTINUE TO ACT AS INED OF THE COMPANY:

- (a) MAJ GEN DATO' PAHLAWAN DR MOHANA DASS A/L RAMASAMY (RTD)
- (b) LOO CHOO HONG
- (c) CH'NG ENG HING
- (d) LOW YU KEAT

As the resolution no. 8 is pertaining to the approval of the Chairman's continuation in office as an INED of the Company, the Chairman handover the Chair to Mr. Loo Choo Hong.

Mr. Loo Choo Hong referred to resolution no. 8 is to seek for the shareholders' approval for Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd), who has served as an INED of the Company for a cumulative term of more than twelve (12) years, to continue to act as an INED of the Company.

Mr. Loo Choo Hong then invited the shareholders and proxy holders to raise their questions on the agenda item and, the following resolution no. 8 was put to the meeting for voting by way of poll :-

Ordinary Resolution 8

"THAT approval be and is hereby given to the Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (RTD) to continue to act as an INED of the Company."

Mr. Loo Choo Hong then handover the chair to the Chairman.

The Chairman referred to resolutions no. 9 to 11 is to seek for the shareholders' approval for Mr Loo Choo Hong, Mr Ch'ng Eng Hing and Madam Low Yu Keat who have served as an INED of the Company for a cumulative term of more than twelve (12) years, to continue to act as an INED of the Company.

The Chairman then invited the shareholders and proxy holders to raise their questions on the agenda item and, the following resolutions no. 9 to 11 were put to the Meeting for voting by way of poll :-

Ordinary Resolution 9

"THAT approval be and is hereby given to the Mr. Loo Choo Hong to continue to act as an INED of the Company."

Ordinary Resolution 10

"THAT approval be and is hereby given to the Mr. Ch'ng Eng Hing to continue to act as an INED of the Company."

Ordinary Resolution 11

"THAT approval be and is hereby given to the Madam Low Yu Keat to continue to act as an INED of the Company."

11. **ORDINARY RESOLUTION 12**
PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

The Chairman informed that the resolution 12 is to seek the shareholders' approval for the Proposed Shareholders' Mandate in relation to the recurrent related party transactions ("RRPT") of a revenue or trading nature as set out in Section 2.1.4 of the Circular to Shareholders dated 30 June 2020.

The Chairman further informed that the interested Directors, major shareholders of the transactions as detailed in Section 5.1 in the Circular to Shareholders dated 30 June 2020 and persons connected with them shall abstain from deliberations and voting on the proposed resolution.

The Chairman then invited the shareholders and proxy holders to raise their questions on the agenda item, and the following resolution was put to the Meeting for voting by way of poll :-

"THAT, subject always to the provisions of the Companies Act 2016 (the "Act"), the Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") or other regulatory authorities, approval be and is hereby given to the Company and/or subsidiary companies to enter into all arrangements and/or transactions as specified in Section 2.1.4 of the Circular to Shareholders of the Company dated 30 June 2020, involving the interests of directors, major shareholders or persons connected with such Directors or major shareholders of the Company ("Related Parties") as detailed in Section 2.1.4 of the Circular to Shareholders of the Company dated 30 June 2020, provided that such arrangements and/or transactions are:

- (i) recurrent transactions of a revenue or trading nature;*
- (ii) necessary for day-to-day operations; and*
- (iii) carried out in the ordinary course of business or the normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to be detriment of the minority shareholders of the Company,*

(the "Shareholders' Mandate").

THAT the Shareholders' Mandate shall take effect from this resolution and shall continue to be in force until:

- (a) the conclusion of the next annual general meeting of the Company following the general meeting at which such Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the general meeting, the authority is renewed either unconditionally or subject to conditions; or*
- (b) the expiration of the period within which the next annual general meeting after the date it is required to be held pursuant to Section 340(2) of the Act but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or*

(c) revoked or varied by resolution passed by the shareholders in general meeting,
whichever is earlier.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

12. SPECIAL BUSINESS - ORDINARY RESOLUTION 13
AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016

The Chairman informed that the next resolution no. 13 was to seek approval from the shareholders to authorise the Directors of the Company to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.

The Chairman then invited the shareholders and proxy holders to raise their questions on the agenda item, and the following resolution was put to the meeting for voting by way of poll :-

"THAT subject to the Companies Act, 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), Additional Temporary Relief Measures to Listed Corporations for COVID-19, issued by Bursa Securities on 16 April 2020 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time ("20% General Mandate"); AND THAT the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued pursuant to the 20% General Mandate on Bursa Securities;

AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until 31 December 2021, as empowered by Bursa Securities pursuant to its letter dated 16 April 2020 to grant additional temporary relief measures to listed corporations, notwithstanding Section 76(3) of the Act, duly varied and adopted by the Directors of the Company pursuant to Section 76(4) of the Act."

13. SPECIAL BUSINESS-ORDINARY RESOLUTION 14
PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES IN THE COMPANY

The Chairman informed that the proposed resolution no. 14 of the Meeting is to seek shareholder approval for the proposed renewal of share buy-back authority of up to 10% of the issued share capital of the Company at any point of time through stockbrokers to be appointed by the Company. The details and rationale on the Proposed Renewal of Share

Buy-Back Authority are provided in the Circular to Shareholders dated 30 June 2020, which has been sent to shareholders.

The Chairman then invited the shareholders and proxy holders to raise their questions on the agenda item, and the following resolution was put to the meeting for voting by way of poll :-

"THAT, subject always to the Act, the provisions of the Constitution of the Company, the MMLR and the approvals of all relevant authorities (if any), the Board of Directors of the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase and/or hold such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) the maximum aggregate number of shares which may be purchased and/or held as treasury shares by the Company does not exceed 10% of the total number of issued shares of the Company at any point in time ("Proposed Share Buy-Back");*
- (ii) the maximum amount to be allocated for the Proposed Share Buy-Back shall not exceed the aggregate of the Company's retained profits based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of purchase of the Proposed Share Buy-Back; and*
- (iii) the shares of the Company so purchased may be cancelled, retained as treasury shares, distributed as dividends or resell on Bursa Securities, or a combination of any of the above, or be dealt with in such manner allowed by the Act and MMLR from time to time.*

THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which such resolution is passed, at which time the authority will lapse, unless by an ordinary resolution passed at the general meeting, the authority is renewed either unconditionally or subject to conditions; or*
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or*
- (c) the authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;*

whichever occurs first, but shall not prejudice the completion of the purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authority.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company”.

14. ANY OTHER BUSINESS

After verified and confirmed with the Company Secretary, the Chairman informed that there was no notice to transact any other business received by the Company.

and the Meeting was proceeded with the proceeding of the polling process.

The Chairman informed the Meeting that the Company has received a letter from the Minority Shareholders Watch Group (“MSWG”) dated 17 September 2020. He thereafter read out the questions listed in the MSWG’s letter and the Company’s responses for the meeting’s information. The Chairman informed that the MSWG’s questions together with the Company’s reply, attached herewith as Appendix I, will be uploaded to the Company’s website as soon as possible for the shareholders’ reference.

In addition to the issues which have been highlighted in the MSWG’s letter, the following question was raised by the shareholder / proxy, during the meeting and duly replied by Mr. Li Wai Leung the Executive Director of the Company, as follows:

Strategy

1) *The Company’s business strategy for 2021 including business expansion plans.*

the Management aims to expand to regional market and export would be more certain in 2021, assuming that the COVID-19 pandemic would subside.

There being no further question from the shareholders/ proxies, the meeting was proceeded with the proceeding of the polling process.

15. POLLING PROCESS

The Chairman briefed the meeting on the proceeding of the polling process. He informed that the representatives of the Share Registrar would collect the completed polling forms from the shareholders/proxies and the results of the poll would be verified by the Scrutineer.

The Chairman then adjourned the meeting at 12.45 p.m. for the polling process, counting and verification of the poll results.

16. **ANNOUNCEMENT OF POLL RESULTS**

At 1.00 a.m., the Chairman called the meeting to order for the declaration of results. He informed that he had received the poll results from the Scrutineers. The Chairman invited the Scrutineers to read out the poll results to the shareholders and proxies present.

	Vote in favour		Vote against		Results
	No. of shares	%	No. of shares	%	
Ordinary Resolution 1	89,969,944	100	6	0	Carried
Ordinary Resolution 2	87,948,626	100	3	0	Carried
Ordinary Resolution 3	86,024,904	100	3	0	Carried
Ordinary Resolution 4	88,059,026	100	0	0	Carried
Ordinary Resolution 5	88,069,026	100	33,003	0.0375	Carried
Ordinary Resolution 6	88,069,026	100	6	0	Carried
Ordinary Resolution 7	88,002,526	100	6	0	Carried
Ordinary Resolution 8	80,003,000	100	0	0	Carried
Ordinary Resolution 9	80,003,000	100	0	0	Carried
Ordinary Resolution 10	80,003,000	100	0	0	Carried
Ordinary Resolution 11	80,003,000	100	0	0	Carried
Ordinary Resolution 12	6,843,893	99.9999	6	0.0001	Carried
Ordinary Resolution 13	87,988,924	99.9932	6,003	0.0068	Carried
Ordinary Resolution 14	87,895,424	100	0	0	Carried
Ordinary Resolution 8 - Tier 2	8,066,026	99.9999	6	0.0001	Carried
Ordinary Resolution 9 - Tier 2	8,056,026	99.9999	6	0.0001	Carried
Ordinary Resolution 10 - Tier 2	8,038,626	99.9999	6	0.0001	Carried
Ordinary Resolution 11 - Tier 2	7,896,526	100	3	0	Carried

The Chairman informed that based on the poll results, the shareholders/proxies present have voted in favour for all the resolutions set out in the Notice of AGM dated 30 June 2020. In relation thereto, the Chairman thereby declared that all the resolutions set out in the Notice of AGM dated 30 June 2020 were carried.

17. **TERMINATION**

There being no other business, the Meeting ended at 1.25 p.m. with a vote of thanks to the Chairman.

Confirmed as a correct record of
the proceedings thereat

Maj Gen Dato Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd)
Chairman



No. 1, Jalan Utarid U5/19, Section U5, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia.
 Tel: 03-7801 3333 Fax: 03-7801 3336
 E-mail: wzb@wangzhengbhd.com.my

Date: 22 September 2020

Minority Shareholders Watch Group

11th Floor, Bangunan KWSP
 No. 3, Changkat Raja Chulan
 Off Jalan Raja Chulan
 50200 Kuala Lumpur

Attention: *Mr Devanesan Evanson*
Chief Executive Officer

Dear Sir,

WANG-ZHENG BERHAD ("WZB" OR "THE COMPANY")

Re: 17th Annual General Meeting (AGM) of Wang-Zheng Berhad (Wang-Zheng) to be held on Wednesday, 23 September 2020

We refer to the issues raised by the Minority Shareholders Watch Group (MSWG)'s letter dated 17 September 2020 on the following: -

	Strategy and Financial Matters
1.	<p>The Company has introduced a new line of adult pull-up pants diapers with production beginning in December 2019 and launch in January 2020. (Page 21 of AR 2019).</p> <p>(a) What are the projected sales of this product?</p> <p>(b) What are the expected margins of this business?</p>
	<p>(a) Currently the sales of this new adult pull-up pants are growing positively, the Management hopes that this product will perform better in the forthcoming year, however, this scenario will depend on the economy circumstances, business environment factors and the seriousness of COVID-19 pandemic that would affecting the sales of this product.</p> <p>(b) The expected margins of the adult pull-up pants diapers are higher than the average disposable fibre-based products margins.</p>
2.	<p>Inventories written down rose sharply from RM6.9k in FYE 2018 to RM74,000 in FYE 2019. (Page 88 of AR2019)</p>

	<p>(a) What were the main reasons for the sharp rise? (e.g. slow moving, obsolescence)</p> <p>(b) Does the Company foresee that stock write-downs would increase significantly in the coming financial year in view of the slowing economy?</p>
	<p>(a) The main reason for the sharp rise of the inventories written down was mainly due to slow moving stocks as a result of the expected decrease in the demand for paper products from the printing customers during 2019.</p> <p>(b) The stock write-downs of the Company could be higher in the coming financial year, if the global and local economy continue slow down and affect the spending power of the public. However, the Company is closely monitoring the demand of the Company's products by the market and cautiously control the necessary stock level in order to mitigate potential further impairment on the stock balance.</p>
3.	<p>The Company had made an impairment on trade receivables of RM887.9k for FYE 2019. (FYE2018: RM1.98 million), (Page 88 of AR 2019)</p> <p>(a) What were the reasons for the impairment?</p> <p>(b) What are the chances of collecting the impaired amounts?</p> <p>(c) How much of the impaired amounts have been collected to-date?</p> <p>(d) With the weakening economy, does the company foresee Impairments rising sharply in FYE 2020?</p>
	<p>(a) The impairment on trade receivables were mainly due to the long overdue debts as customers are facing difficulty to pay the Company (40%) and the expected credit loss recognized during the year as a result of the effect of adopting MFRS 9 (60%).</p> <p>(b) Although the current business environment is very challenging, however, the Company is taking necessary action to recover the impaired amounts.</p> <p>(c) The impaired amounts which have been collected to-date is approximately RM140,000.</p> <p>(d) The impairment on trade receivables of the Company could be higher in FYE2020 due to the weakening economy affecting the healthiness of business environment and lead to many small and medium enterprise facing liquidity problems. However, the Company is taking cautious steps to minimize the effect of the impairment on trade receivables.</p>
	Corporate Governance
1.	<p>The total fee for the internal audit function of the Company during FYE 2019 was RM 21,000. (Page 63 of AR 2019)</p> <p>(a) Given that the fee is rather small (RM1,750 per month), how does the audit committee assure itself that there would be adequate coverage and an effective audit function?</p>

	<p>(b) What are the areas covered by the internal auditors during FYE 2019?</p> <p>(c) How many internal audit reports were issued during FYE 2019?</p>
	<p>(a) The Company would like to emphasize that the internal audit coverage is not based on the audit fee, but is the quality and adequate coverage. As far as the Audit Committee is concern there is not copious duplication in terms of work between external and internal audit. Also, the internal auditors present the yearly internal audit plan and the coverage to the Audit Committee to deliberate prior approving their audit.</p> <p>Also, the ISO review carried out by the internal team and auditors and third-party review gives further assurance. The Company also has individual Head of Department's assurance on the internal controls and risk management which are submitted to the management. Current internal audit firm has not revised the audit fee since listing due to the reason they are familiar with the Company's process and operation which enhances better time management.</p> <p>(b) As for the year 2019 the following subsidiaries were covered: -</p> <ol style="list-style-type: none"> 1) Wang Zheng Corporation Sdn Bhd 2) Quality Hero Corporation Sdn Bhd 3) Carefeel Cotton Industries (M) Sdn Bhd <p><u>Detailed of the coverage:</u></p> <p>The Internal auditors have reviewed the following segments: -</p> <ul style="list-style-type: none"> • Sales and marketing • IT security management • Procurement management • Accounting and financial activities • Trading management • Human Resources management • Warehouse management • Safety management • Manufacturing operation (Quality Hero and Carefeel Cotton) <p>All internal audit reports were submitted and presented to the Audit Committee with the feedback and agreed corrective actions to be undertaken by Management. Subsequently, the progress of these corrective actions was monitored and verified by Internal Auditors on a regular basis and submitted to the Audit Committee. The external auditors have reviewed all the report based on the standard guidelines prior finalising the Statement on Risk Management and Internal Control.</p> <p>(c) Total 7 reports were issued during FYE 2019:</p> <p><u>Detailed as follows:</u></p> <ol style="list-style-type: none"> 1) The 3 internal audit reports: <ol style="list-style-type: none"> a) Wang Zheng Corporation Sdn Bhd b) Quality Hero Corporation Sdn Bhd c) Carefeel Cotton Industries (M) Sdn Bhd

	2) 3 follow up review reports on the same subsidiaries. 3) 1 reports: risk management profiling and risk management review (for 5 subsidiaries) were covered.

We trust the above are sufficient for your deliberation. Should you require any clarification, please do not hesitate to contact the undersigned.

Thank you.

Yours faithfully,
On behalf of the Board of
WANG-ZHENG BERHAD



GOH KHENG JIU
Group Managing Director, CEO