
SUMMARY OF KEY MATTERS DISCUSSED AT THE EIGHTEENTH ANNUAL GENERAL MEETING (“18TH AGM” OR THE “MEETING”) OF GREEN OCEAN CORPORATION BERHAD (“GREEN OCEAN” OR THE “COMPANY” OR THE “GROUP”) DULY CONVENED AND HELD THROUGH LIVE STREAMING AND ONLINE REMOTE PARTICIPATION AND VOTING FROM THE BROADCAST VENUE AT LOT 18.2, 18TH FLOOR, MENARA LIEN HOE, NO. 8, PERSIARAN TROPICANA, TROPICANA GOLF & COUNTRY RESORT, 47410 PETALING JAYA, SELANGOR DARUL EHSAN ON WEDNESDAY, 24 NOVEMBER 2021 AT 10.30 A.M.

Dato’ Nik Ismail bin Dato’ Nik Yusoff (“**the Chairman**”) chaired the 18th AGM of the Company. The Chairman called the meeting to order at 10.30 a.m. and the Company Secretary confirmed the presence of a requisite quorum for the meeting.

The Chairman notified that the Notice convening the 18th AGM had been sent to all the shareholders and the said Notice was advertised in the The Star on 29 October 2021 in accordance with the Company’s Constitution. He proposed and the Meeting consented that the Notice be taken as read.

The Chairman informed that the voting at the 18th AGM would be conducted on a poll in accordance with ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”). For this purpose, The Chairman has exercised his right as the Chairman of the Meeting to demand for a poll in accordance with Clause 92 of the Company’s Constitution in respect of all resolutions which would be put to voting at the Meeting. The polling will be conducted electronically via the remote participation and voting facility provided by ShareWorks Sdn. Bhd. (“**ShareWorks**”) and voting session started from the commencement of 18th AGM until the announcement of end of voting session. In this respect, the Share Registrar, ShareWorks had been appointed the Poll Administrator and SharePolls Sdn. Bhd. (“**SharePolls**”), the Scrutineer for the poll voting exercise.

The Company had appointed ShareWorks as poll administrator to conduct the polling process, and SharePolls as Scrutineers to verify the poll results. The polling process for the resolutions would be conducted upon completion of the deliberation of all items to be transacted at the 18th AGM.

The Chairman informed that the Minority Shareholder Watch Group (“**MSWG**”) had vide its letter dated 11 November 2021 addressed to the Board of Directors (“**Board**”) sought information and clarification on Operational and Financial Matters and Corporate Governance Matters. On behalf of the Board, the Chairman thanked MSWG for giving the Company notice of their questions to enable the Board to reply officially to their letter.

For the information of the members present, the following questions from and the corresponding replies to MSWG were read out:

OPERATIONAL & FINANCIAL MATTERS

Question 1

In FY2021, the Group has started its trading of glove business and is setting up its own glove manufacturing facility in order to venture into the production and manufacturing of gloves (page 11 of Annual Report 2021 (“AR 2021”).

Given that the glove sector is entering a phase of declining average selling price (and hence profit) trend on increased supply and rising vaccination rates, what is the Board's view on the feasibility of setting up a glove manufacturing facility now?

Answer 1

The Group is in the view that the demand of the gloves will remain high, where the gloves will continue to be used by healthcare professionals globally for mass vaccination. Further, the demand for rubber gloves will be continuously driven by heightened awareness of the usage of rubber gloves as general protection against viruses and other diseases.

Question 2a, b, c

The Group had on 30 June 2021 awarded a contract to AE Multi Industries Sdn. Bhd. ("AEM") for setting up a glove manufacturing facility which involves design, fabricate, install, test and commission of 8 production lines to produce nitrile gloves with a contract sum of RM65,179,664 and has paid a deposit of RM15,000,000 to AEM (page 85 of AR 2021).

- (a) When is the construction of the glove manufacturing facility expected to commence?
- (b) If construction has already commenced, what is the construction progress to-date?
- (c) When will the glove business commence production?

Answer 2a, b, c

The construction of the glove manufacturing has not commenced yet. The status update will be published in the Company Website from time to time.

Question 3a

As at 31 March 2016, the Group had an accumulated loss position of RM15.7 million. For FY2021, the accumulated losses have increased to RM45.0 million (page 49 of the AR 2021).

Is it opportune to carry out a strategic review of the Group's core strengths and capabilities, management depth, strategies, cost structure and the challenges faced in the core business i.e. the palm oil segment so as to safeguard shareholders' interest and to refocus and reposition the Group for long-term value creation?

Answer 3a

The Group has been facing challenges in the market prices for crude palm commodities, it has diversified its business to venture into the Gloves Business where this diversification will provide an alternative source of income to the Group.

Question 3b

What are the Group's strategic plans to turnaround the palm oil segment? How will the Group prepare itself for a post-pandemic environment to ensure timely business recovery and sustainability?

Answer 3b

The Group will continue to focus in the trading of palm oil products while monitoring the market prices for crude palm commodities. The Group intends to resume the production of Crude Palm Kernel Oil ("CPKO") and increase the quantity of palm oil products to be sold should the market prices for crude palm commodities become more favourable.

Question 4

Palm oil segment's gross profit/loss margin in the last 5 years:

FY 2021	0.47%
FPE 2020*	-2.95%
FY 2019	1.55%
FY 2018	-3.00%
FY 2017	0.75%

**FPE2020 - 15-month period from 1 April 2019 to 30 June 2020*

With such thin gross profit margin and gross loss margin, what is the management's strategy to better manage its costs, scale up its volume, increase plant utilisation and to achieve better pricing? What are the levers available to the Group given that this segment is susceptible to CPKO global commodity market pricing uncertainties?

Answer 4

The Group will continue to focus in the trading of palm oil, purchase, hold and sell the product with a targeted profit margin within a short period to minimise the financial impact and exposure of the Group to the volatile and uncertain market price.

The Group has diversified its business into glove business, a new business segments to minimise the business concentration risk from palm oil segment which is susceptible to CPKO global commodity market pricing uncertainties.

Question 5

Other expenses have increased significantly to RM7.3 million in FY2021 (FY2020: RM28) (page 50 of the AR 2021).

What is the reason for the substantial increase in other expenses? Please provide a breakdown.

Answer 5

Other expenses mainly due to Impairment loss on trade receivable, RM7.3 million.

Question 6a

The Group's allowance for impairment losses on trade receivables amounting to RM7.3 million constituting 79% of the Group's trade receivables of RM9.2 million in FY2021 (Note 10, page 84 of AR 2021).

What are the profiles of the customers with long outstanding trade receivables? Please include details such as name of customers, amount due, overdue period etc.

Answer 6a

Customer Name	RM	Days
Hasrat Kabul Sdn. Bhd.	7.3 million	>365

Question 6b

Why was such a huge amount impaired and what percentage of these impairments are expected to be non-recoverable?

Answer 6b

It is long outstanding amount which is overdue for more than 365 days. Hasrat Kabul Sdn. Bhd. is the only customer that the Group provide full impairment in the year. The Group is not able to estimate of non-recoverable percentage from this customer.

Question 6c

What actions have been taken to recover the said amount? To-date, how much of these impaired trade receivables have been recovered?

Answer 6c

The Group has issued demand letter to the Company, follow up by telephone call. Until to-date, there is no collection from Hasrat Kabul Sdn. Bhd.

Question 7a

Allowance for impairment losses on amount owing by subsidiaries was RM12.1 million in FY2021 (FPE2020: RM14.8 million). Amount owing is non-trade in nature, which arose mainly from advances and expenses paid on behalf by the Company (Note 12, page 85 of AR 2021)

Please name the subsidiary with the allowance for impairment loss.

Answer 7a

Name subsidiary	Impairment Loss
Ace Edibles Oil Industries Sdn. Bhd. (“AEOI”)	RM 12.1 million

Question 7b

What were the reasons for the impairment? Is there any potential for the allowance of impairment loss to be reversed in the future?

Answer 7b

The amount owing by subsidiary higher than the carrying value of AEOI. The impairment loss will be reversed when net carrying value of AEOI is increase.

CORPORATE GOVERNANCE MATTERS

Question 8a

Mr. Mak Siew Wei (“Mr. Mak”) was appointed as the Executive Director on 27 July 2020, and he is also an Executive Director of four other public listed companies, which are, AT Systematization Berhad, Saudee Group Berhad, Pasukhas Group Berhad and Advance Information Marketing Berhad (page 12 of AR 2021).

As the Executive Director of the Company, Mr. Mak is expected to devote his fulltime commitment to Green Ocean as he is drawing salary, bonus and other benefits under the contract of service with the Company.

Please explain how Mr. Mak manages his time commitment to the Company vis-à-vis his position as Executive Director of AT Systematization Berhad, Saudee Group Berhad, Pasukhas Group Berhad and Advance Information Marketing Berhad given that all four are executive positions that require fulltime commitment.

Answer 8a

Mr. Mak is supported by the Directors, Management and Employees of the Group. The Group is confident that Mr. Mak is able to allocate sufficient time to perform his role as Executive Directors.

Question 8b

Given that Mr. Mak is the Executive Director of four other public listed companies, what is the rationale for the Nomination and Remuneration Committee to recommend Mr. Mak to the Board and the reason for the Board to approve his appointment?

Answer 8b

Recommendation is based on Mr. Mak's skills, experience, strengths, leadership and contribution to the Group.

Question 9

Practice 10.2 - The Board should disclose the name and qualification of the person responsible for internal audit and the number of resources in the internal audit department.

It was stated in page 35 of the Corporate Governance Report for FY2021 that the Group has outsourced its internal audit function to Eco Asia Advisory Sdn. Bhd. ("Eco Asia Advisory"), but there was no mention of the name and qualification of the person responsible for the internal audit and the number of resources in Eco Asia Advisory. Hence, the Company has not applied Practice 10.2. Please take note.

Answer 9

Noted.

The Chairman then proceeded to the agendas for the Meeting.

Subsequent to the above, the Chairman then proceeded with the Question and Answer ("Q&A") session for the Board and management of the Company to deal with the questions from the shareholders.

The following questions were raised by shareholders and the responses made by the Board and management of the Company.

Question 1

Shareholder enquired that whether the Board would consider giving door gifts such as e-voucher or e-wallet for shareholders who have participated in the 18th AGM.

Answer 1

Mr. Mak, the Executive Director of the Company, informed that the Board will consider the request accordingly.

Question 2

Shareholder enquired on the status and timeline for business commence after signing of the collaboration agreement between the Company and Eco-Sponge for the supply of biodiesel and biofuel related products.

Answer 2

Mr. Mak informed that the Company had enter into the collaboration agreement with the objective to utilise the facility & equipment in the existing factory to generate income from biodiesel. As of today, there was no material development on this collaboration. The Group will make announcement to Bursa Malaysia Berhad accordingly, if there is any material development.

Question 3

Shareholder enquired on the timeline of glove production line by the Company.

Answer 3

Mr. Mak informed that the Covid-19 pandemic and few rounds movement control 2021 had resulted in the delay to the Group in setting up the manufacturing line given the price hike in the steel price has impacted the budgeted cost of the Group's glove factory in term of construction as well as the glove production line and its related facilities. This has raised uncertainty towards the Group production line for glove based on its intended schedule.

Moreover, there are some potential buyers which approached the Group and indicated their interests to acquire to Group existing factory. In view of this arising opportunities, the Group is exploring option and considering to sell the existing factory and use the fund to set up the glove manufacturing facility at a new location. With the objective to achieve more cost efficient and benefit to the Group.

Given the uncertainty as mentioned above, the Group have initiated alternative plan to mitigate the impact and this included trading in glove. In year 2021, the Group had reported RM1.9 million sale arising from glove trading and RM25,000 after tax for this activity.

Question 4

Shareholder enquired on the wind fall tax whether it impacts the Company.

Answer 4

The Company is of the opinion the one-off windfall tax or Cukai Makmur (Prosperity tax) for the Year of Assessment 2022 will not bring any impact to the Company. The Company had yet enjoyed super profits that have chargeable income in excess of RM100 million.

Question 5

Shareholder enquired that what is the impact of order book are affect total revenue of Company in past quarter financial?

Answer 5

The Company is of the opinion the total revenue of Company is not affected by order book in past quarter financial.

With that, the Chairman concluded the Q&A session. All the resolutions tabled at the 18th AGM for the Company and voted upon by poll were duly passed by the shareholders.

There being no other business, the Meeting terminated at 11.29 a.m. with a vote of thanks to the Chairman.