

## Appendix I

### **PROLEXUS BERHAD**

Registration No. 199201019353 (250857-T)  
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE VIRTUAL 29<sup>TH</sup> ANNUAL GENERAL MEETING OF PROLEXUS BERHAD ("PROLEXUS" OR "THE COMPANY") HELD AT THE BROADCAST VENUE AT THE CONFERENCE ROOM OF HONSIN APPAREL SDN. BHD., 531 BATU 2½, JALAN KLUANG, 83000 BATU PAHAT, JOHOR ON THURSDAY, 23 DECEMBER 2021 AT 10.00 A.M.

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Key matters discussed at the 29<sup>th</sup> AGM are summarised as follows:

- 1) The Company's Profit After Tax declined to RM17.2 million in FYE 2021 compared to RM20.8 million in FYE 2020. The decline was mainly attributable to the pandemic which affected its businesses. (Page 10 of AR 2021)**

#### **What are the Company's plans to enhance its profitability in FYE 2022?**

Reply: The Company is operating in a labour-intensive industry and industrial automation can only reduce reliance on labour to a certain extent. The gradual reduction of labour since the beginning of the pandemic has limited the Company's ability to secure orders in the short and medium term unless the government opens up foreign worker intake from more countries in the near future. Given the capacity limitation, the Company will focus on higher margin products and also embark on its OBM venture to mitigate the impact.

- 2) The Company relies extensively on foreign labour to operate its factories especially for its apparel and textile businesses.**

- (a) What was the ratio of foreign labour to total workforce in FYE 2021?**

Reply: Foreign worker accounts for 47% of total workforce of the Group as at 31 July 2021.

- (b) In view of the Government tightening the requirements to hire foreign labour, what are steps taken by the Company to mitigate this?**

Reply: In addition to its effort in hiring more local workers which is ongoing, the Company is also working closely with other factories to enhance its order fulfilment.

- 3) Since the beginning of the COVID-19 outbreak, the Company has produced a functional fabric face mask, ProXmask™, which is both protective and preventive against the virus as it has water repellency, anti-viral, anti-microbial and microfiltration function. (Page 11 of AR 2021)**

**(a) What was the revenue contribution of ProXmask sales to the Company in FYE 2021?**

Reply: Revenue contribution from ProXmask and other OEM masks was 23.7% of Group revenue.

**(b) What are the Company's plans in further expanding the sales of this product?**

Reply: Besides creating awareness on the importance of wearing a quality and environmental friendly face mask, the Company is also leveraging on the power of digital media to promote its product and continue to adapt to market demand. There has also been ongoing collaboration with SIRIM as part of its promotional effort.

**4) The Company had recently launched its modest wear brand "Arumn" to expand its income stream. (Page 12 of AR 2021)**

**(a) What are the projected sales from this brand in FYE 2022?**

Reply: Similar to any other new brand, it takes time for the brand to build momentum and it is not expected to contribute substantially to the Group's revenue in FYE 2022. Nevertheless, the initial response for Arumn has been encouraging thus far.

**(b) What are the Company's plans to develop this brand further in terms of revenue contribution?**

Reply: Besides targeting on B2C, both offline and online, the Company also intend to build its B2B segment in Malaysia and overseas.

**5) Other Income of the Company rose significantly in FYE 2021 to RM15.7 million from RM2.1 million in FYE 2020. (Page 55 of AR 2021)**

**What was the nature of this Income and is it expected to recur in FYE 2022?**

Reply: Included in Other Income in FYE2021 are one-off gain on disposal of property, plant and equipment and liquidated ascertained damages charged to a contractor.

**6) May I know what is the Company's future outlook?  
What is the problem exactly facing in textile operation?  
Why has the ramp-up a disappointment thus far, and what are the strategies to counter the said situation?  
Are we facing any labour related issue? Including living condition etc.**

Reply: We have been experiencing labour shortage and have been seeking avenues to mitigate this issue so that the Group is able to offer more capacity to buyers. Being the OEM manufacturer for international brands we comply with international and domestic labour laws including the living conditions of our foreign workers.

- 7) The development of the “Branding division” should technically “offend” existing Apparel operation clients, has our order decline because of the said matter?**

Reply: Our OBM business is not in a competing business with existing buyers. The Company is currently facing manpower shortage issue.

- 8) How much is cost saving of this virtual AGM as compared to physical AGM?**

Reply: The cost for a virtual AGM is less than RM20,000. Even though the cost is higher as compared to a physical AGM, the Board is of the view that a virtual meeting is to the best interest of our shareholders and employees.

- 9) Will the Board consider giving shareholders with door gifts, the face mask as a token of appreciation for attending today’s RPV.**

Reply: As a token of appreciation, we will be sending ProXmask to shareholders who had attended today’s AGM.

- 10) How was Seni Jaya’s consolidating of the OOH media industry affected our advertising operation?**

Reply: Our advertising division is focusing on outdoor digital billboard and we have 14 digital screens throughout Malaysia as part of our national coverage strategy. We do not foresee any major impact arising from Seni Jaya’s consolidating of the OOH media industry as their main focus is on static billboards.

