

LII HEN INDUSTRIES BERHAD
Registration No: 199401015681 (301361-U)
(Incorporated in Malaysia)

Minutes of the Twenty-Sixth (26th) Annual General Meeting (“Meeting”) of the Company (“LHIB”) held at Classic 1, Ballroom, Classic Hotel, No. 69, Jalan Ali, 84000 Muar, Johor Darul Takzim on Thursday, 10 September 2020 at 11:00 a.m.

Present : The following attendance accorded with the Attendance List of Directors and Company Secretary in Annexure 1.

Board of Directors:

1. Mr. Lee Min On (Independent Non-Executive Chairman)
2. Mr. Chua Yong Haup (Managing Director)
3. Mr. Chua Lee Seng (Executive Director)
4. Mr. Tok Heng Leong (Executive Director)
5. Mr. Tan Bee Eng (Executive Director)
6. Mr. Chan Wah Chong (Independent Non-Executive Director)
7. Dato’ Mustapha Bin Abd Hamid (Independent Non-Executive Director)
8. Mr. Chik Chan Chee @ Cheok Chan Chee (Independent Non-Executive Director)

In Attendance : Ms. Pang Kah Man (Company Secretary)

: The attendance of shareholders/proxies and others was set out in the summary of Attendance List in Annexure 2.

1. **CHAIRMAN OF THE MEETING**

Mr. Lee Min On was elected as Chairman of the Meeting.

2. **QUORUM**

As the quorum for the Meeting was present as confirmed by the Company Secretary, the Meeting was called to order.

3. **NOTICE OF THE MEETING**

The Notice convening this Meeting had been sent to all shareholders within the prescribed time.

4. **PRELIMINARIES OF THE MEETING**

4.1 There were 38 shareholders, holding 4,493,863 shares equivalent to 2.50% of the total issued share capital of the Company, who appointed the Chairman as their proxy.

4.2 Before the Meeting dealt with the business on hand, the Chairman briefed the shareholders and proxies that pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), a listed corporation must among others, ensure that any resolution set out in the notice of any general meeting was voted by poll. For this purpose, the Company had engaged Plantation Agencies Sdn. Bhd. as the Poll Administrator and Quantegic Services Sdn. Bhd. as the Independent Scrutineer.

5. **AGENDA 1**
RECEIPT OF AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019, TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

Noted : The motion was put for discussion as Section 340(1)(a) of the Companies Act 2016 (or "the Act") and the Constitution of the Company (or "Constitution") did not require a formal approval from the shareholders.

Resolved : THAT the Audited Financial Statements of the Company for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon be hereby received.

Questions & Answers ("Q&A") : Please refer to the attached Q&A marked as Appendix A.

6. **AGENDA 2 (ORDINARY RESOLUTION NO. 1)**
DECLARATION OF FINAL SINGLE-TIER DIVIDEND OF 4.5 SEN PER SHARE FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

Proposer and Seconder : The motion was proposed by Ms. Wong Ooi Kean, a shareholder and seconded by Mr Ho Shu Saint, a proxy representing the shareholder, Ang Lim Kean.

7. **AGENDA 3 (ORDINARY RESOLUTIONS NO. 2 AND 3)**
RE-ELECTION OF MR. CHAN WAH CHONG AND DATO' MUSTAPHA BIN ABD HAMID AS DIRECTORS RETIRING IN ACCORDANCE WITH CLAUSE 149 OF THE CONSTITUTION

Noted : The Chairman highlighted that the two items of the Agenda were related to the re-election of Mr. Chan Wah Chong and Dato' Mustapha Bin Abd Hamid, the Directors retiring at the Meeting in accordance with Clause 149 of the Constitution. The retiring Directors, being eligible pursuant to the Constitution, had offered themselves for re-election.

7.1 **ORDINARY RESOLUTION NO. 2**
RE-ELECTION OF MR. CHAN WAH CHONG AS DIRECTOR, RETIRING IN ACCORDANCE WITH 149 OF THE CONSTITUTION

Proposer and Seconder : The motion was proposed by Ms. Toh Mei Lian, a shareholder and seconded by Ms. Chua Yong Heng, a shareholder.

7.2 **ORDINARY RESOLUTION NO. 3**
RE-ELECTION OF DATO' MUSTAPHA BIN ABD HAMID AS DIRECTOR, RETIRING IN ACCORDANCE WITH CLAUSE 149 OF THE CONSTITUTION

Proposer and Seconder : The motion was proposed by Ms. Toh Mei Lian, a shareholder and seconded by Mr. Tan Koon Heo, a shareholder.

8. **AGENDA 4 (ORDINARY RESOLUTION NO. 4)
RE-ELECTION OF MR. LEE MIN ON AS DIRECTOR, IN ACCORDANCE WITH CLAUSE 150
OF THE CONSTITUTION**

Noted : The Chairman highlighted that the Agenda was related to the re-election of himself, in accordance with Clause 150 of the Constitution and, accordingly, he had to refrain from commenting further apart from mentioning that the retiring Director, being eligible pursuant to the Constitution, had offered himself for re-election.

Proposer and Secunder : The motion was proposed by Ms. Tan Kim Suan, a shareholder and seconded by Mr. Tan Koon Heo, a shareholder.

9. **AGENDA 5 (ORDINARY RESOLUTION NO. 5, 6 AND 7)
PAYMENT OF DIRECTORS' FEES AND BENEFITS**

Noted : The Chairman highlighted that the three items of the Agenda were related to payment of Directors' fees and benefits.

9.1 **ORDINARY RESOLUTION NO. 5
DIRECTORS' FEES AND BENEFITS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019**

Noted : The proposed payment of Directors' fees was up to RM69,100 for the financial year ended 31 December 2019.

Proposer and Secunder : The motion was proposed by Ms Tan Phaik Choo, a shareholder and seconded by Ms Tai Kon Lan, a shareholder.

9.2 **ORDINARY RESOLUTION NO. 6
DIRECTORS' FEES AND BENEFITS FOR FINANCIAL YEAR ENDING 31 DECEMBER 2020**

Noted : The proposed payment of Directors' fees of up to RM95,000 in aggregate to the Directors of the Company for the financial year ending 31 December 2020 was to facilitate payment of Directors' fees on current financial year basis. In the event the Directors' fees proposed were insufficient (e.g., due to more meetings), approval would be sought at the next Annual General Meeting for additional fees to meet the shortfall.

Proposer and Secunder : The motion was proposed by Mr. Robert Ting Kuok Tien, a shareholder and seconded by Mr. Philip Ting, a shareholder.

9.3 **ORDINARY RESOLUTION NO. 7
INDEPENDENT NON-EXECUTIVE DIRECTORS' BENEFITS**

Noted : The proposed payment of Independent Non-Executive Directors' benefits of up to RM300,000 was for the course of the period from 11 September 2020 until the next Annual General Meeting of the Company.

Proposer and Secunder : The motion was proposed by Mr. Poh Lee Hong, a shareholder and seconded by Ms. Phua Kim Moey, a shareholder.

10. **AGENDA 6 (ORDINARY RESOLUTION NO. 8)
RE-APPOINTMENT OF MESSRS PETER CHONG & CO. AS AUDITORS AND AUTHORITY
FOR THE DIRECTORS TO FIX THEIR REMUNERATION**

Noted : Based on the Audit Committee's review of the performance of Messrs. Peter Chong & Co. and having assessed their independence in the performance of their obligations as External Auditors for the financial year ended 31 December 2019, the Board recommended their appointment for financial year 2020. The retiring Auditors, Messrs. Peter Chong & Co. had earlier indicated their willingness to continue in office.

Proposer and
Seconder : The motion was proposed by Mr. Neoh Cher Leong, a shareholder and seconded by Mr. Ng Ah Hai, a shareholder.

11. **AGENDA 7 (ORDINARY RESOLUTION NO. 9 - SPECIAL BUSINESS)
AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE SHARES**

Noted : The proposed ordinary resolution, if passed, would allow a fresh general mandate ("General Mandate") to be granted and the Directors of the Company to be empowered, pursuant to the Act, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate did not exceed ten per cent (10%) of the total number of issued shares of the Company for the time being, after excluding treasury shares, if any.

The General Mandate, unless revoked or varied by the Company in general meeting, would expire at the conclusion of the next Annual General Meeting of the Company. The General Mandate would provide flexibility to the Company for allotment of shares for any possible fundraising activities, including but not limited to placement of shares for the purpose of funding future investment project(s), working capital and/or acquisition(s).

Proposer and
Seconder : The motion was proposed by Ms. Ng Hooi Ting, a shareholder and seconded by Mr. Ng Kok Weng, a shareholder.

12. **AGENDA 8 (ORDINARY RESOLUTIONS NO. 10 - SPECIAL BUSINESS)
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED
PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPTs")**

Noted : The proposed Ordinary Resolution 10, if passed, would authorise the Company and/or its subsidiaries ("LHIB Group") to enter into RRPTs which were necessary for the LHIB Group's day-to-day operations with the respective specified class of the Related Parties, subject to the transactions being entered into on terms which were not more favourable to the Related Parties involved than generally available to the public and were not detrimental to the minority shareholders of the Company.

Proposer and
Seconder : The motion was proposed by Lew Cha Lin, a shareholder and seconded by Lim Kee Wee Li, a shareholder.

13. **OTHER BUSINESS**

- 13.1 The Chairman inquired from the Company Secretary whether the Company had received any notice for transaction of any other business which had been given in accordance with the Act and the Constitution. The Company Secretary confirmed that no such notice had been received.
- 13.2 The Chairman informed that the poll voting would commence soon. The Poll Administrator was invited to brief the Meeting on the procedures for the conduct of poll and time required for counting and validation of votes casted.
- 13.3 Upon collection of polling slips from the floor by the Poll Administrator personnel, the Chairman opened to the floor for questions pertaining to the Company's financial statements and prospects.

14. **ANNOUNCEMENT OF POLL RESULTS**

The poll results were read out as follows:

14.1 Ordinary resolution 1

	No. and Percentage of Shares
For	88,244,891 (100%)
Against	0
Total	88,244,891 (100%)
	No. of Shares
Abstained	2,523,000
Spoilt	0

In view thereof, the Chairman declared that Ordinary Resolution 1 was carried as follows:

Resolved: "THAT the declaration of final single-tier dividend of 4.5 sen per share for the financial year ended 31 December 2019 is hereby approved."

14.2 Ordinary resolution 2

	No. and Percentage of Shares
For	88,163,154 (99.92%)
Against	66,237 (0.075%)
Total	88,229,391 (99.99%)
	No. of Shares
Abstained	2,538,500
Spoilt	0

In view thereof, the Chairman declared that Ordinary Resolution 2 was carried as follows:

Resolved: "THAT Mr Chan Wah Chong, who retires in accordance with Clause 149 of the Company's Constitution, is hereby re-elected as a Director of the Company."

14.3 Ordinary resolution 3

	No. and Percentage of Shares
For	88,153,954 (99.91%)
Against	75,437 (0.09%)
Total	88,229,391 (100%)
	No. of Shares
Abstained	2,538,500
Spoilt	0

In view thereof, the Chairman declared that Ordinary Resolution 3 was carried as follows:

Resolved : "THAT Dato' Mustapha Bin Abd Hamid, who retires in accordance with Clause 149 of the Company's Constitution, is hereby re-elected as a Director of the Company."

14.4 Ordinary resolution 4

	No. and Percentage of Shares
For	88,174,239 (99.92%)
Against	70,652 (0.08%)
Total	88,244,891 (100%)
	No. of Shares
Abstained	2,523,000
Spoilt	0

In view thereof, the Chairman declared that Ordinary Resolution 4 was carried as follows:

Resolved : "THAT Mr Lee Min On, who retires in accordance with Clause 150 of the Company's Constitution, is hereby re-elected as a Director of the Company."

14.5 Ordinary resolution 5

	No. and Percentage of Shares
For	88,229,391 (100%)
Against	0
Total	88,229,391 (100%)
	No. of Shares
Abstained	2,538,500
Spoilt	0

In view thereof, the Chairman declared that Ordinary Resolution 5 was carried as follows:

Resolved : "THAT the payment of Directors' fees of RM69,100 to the Directors of the Company for the financial year ended 31 December 2019, is hereby approved."

14.6 Ordinary resolution 6

	No. and Percentage of Shares
For	88,229,391 (100%)
Against	0
Total	88,229,391 (100%)
	No. of Shares
Abstained	2,538,500
Spoilt	0

In view thereof, the Chairman declared that Ordinary Resolution 6 was carried as follows:

Resolved : "THAT the payment of Directors' fees of up to RM95,000 in aggregate to the Directors of the Company for the financial year ending 31 December 2020, is hereby approved."

14.7 Ordinary resolution 7

	No. and Percentage of Shares
For	87,466,828 (99.14%)
Against	762,563 (0.86%)
Total	88,209,391 (100%)
	No. of Shares
Abstained	2,538,500
Spoilt	0

In view thereof, the Chairman declared that Ordinary Resolution 7 was carried as follows:

Resolved : "THAT the payment of Directors' benefits of up to RM300,000 in aggregate to the Independent Non-Executive Directors of the Company during the course of the period from 11 September 2020 until the next Annual General Meeting of the Company, is hereby approved."

14.8 Ordinary resolution 8

	No. and Percentage of Shares
For	88,233,791 (99.996%)
Against	3,900 (0.004%)
Total	88,237,691 (100%)
	No. of Shares
Abstained	2,530,200
Spoilt	0

In view thereof, the Chairman declared that Ordinary Resolution 8 was carried as follows:

Resolved : "THAT Messrs. Peter Chong & Co. is hereby re-appointed as the Company's Auditors for the ensuing year and the Directors are hereby authorised to fix the Auditors' remuneration."

14.9 Ordinary resolution 9

	No. and Percentage of Shares
For	88,116,591 (99.87%)
Against	112,800 (0.13%)
Total	88,229,391 (100%)
	No. of Shares
Abstained	2,538,500
Spoilt	0

In view thereof, the Chairman declared that Ordinary Resolution 9 was carried as follows

Resolved : “THAT subject to the Act, the Constitution of the Company, and the approvals from Bursa Malaysia Securities Berhad (“Bursa Securities”) and any relevant governmental/regulatory authority, the Directors of the Company be hereby empowered, pursuant to 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 issued pursuant to this resolution does not exceed ten per cent (10%) of the total number of issued shares of the Company for the time being;

AND THAT the Directors be also empowered to obtain the approval for the listing of, and quotation for, the additional shares so issued on Bursa Securities;

AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

14.10 Ordinary resolution 10

	No. and Percentage of Shares
For	9,225,165 (100%)
Against	0
Total	9,225,165 (100%)
	No. of Shares
Abstained	81,542,726
Spoilt	0

In view thereof, the Chairman declared that Ordinary Resolution 10 was carried as follows:

Resolved : “THAT pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities, approval be hereby given for the renewal of the shareholders’ mandate for the Company and its subsidiaries (the “LHIB Group”) to enter into and to give effect to specified RRPTs and with specified class of the Related Parties as stated in Section 2.3 of the Circular to Shareholders dated 29 June 2020, which are necessary for the day-to-day operations, to be entered into by the LHIB Group on the basis that these transactions are entered into on terms which are not more favourable to the Related Parties involved than generally available to the public and are not detrimental to the minority shareholders of the Company (hereinafter referred to as the “Proposed Renewal of Shareholders’ Mandate”);

THAT the Proposed Renewal of Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Renewal of Shareholders' Mandate shall only continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which time the Proposed Renewal of Shareholders' Mandate has been passed, at which time they will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("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 a resolution passed by the shareholders in general meeting, whichever is the earlier;

AND FURTHER THAT the Directors of the Company and/or any of them be hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed Renewal of Shareholders' Mandate."

15. **CONCLUSION OF MEETING**

There being no further business, the Meeting ended at 12.00 noon with a vote of thanks to the Chairman.

The Chairman thanked the shareholders and proxies for their presence and continuous support.

Confirmed as correct records:

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LEE MIN ON
Chairman of the Meeting

Dated this 10 September 2020

Appendix A: Questions and Answers (“Q&A”) of the Twenty-Sixth (26th) Annual General Meeting of the Company held at Classic 1, Ballroom, Classic Hotel, No. 69, Jalan Ali, 84000 Muar, Johor Darul Takzim on Thursday, 10 September 2020 at 11:00 a.m.

1. From : Mr. Koh Beng Hock, a shareholder
- Q1 : There is an increase in the right-of-use assets on page 63 of the annual report. Could you please elaborate further on this?
- Q2 : The number of industrial accident cases reported to DOSH as stated on page 46 of the annual report has increased in 2019. May I know what has happened and what are the measures that the Company is doing to reduce the number of accidents?
- Q3 : Although revenues of the Company mainly derived from the US market, I noticed that some of the revenues also derived from the China and Taiwan markets. Is there any growth potential in the China and Taiwan markets?
- Respondent : Mr Lee Min On, the Chairman
- A1 : With the onset of the Malaysian Financial Reporting Standards (MFRS) on leases, operating leases are no longer applicable. Companies with operating leases are now required to classify operating leases as right-of-use assets under the statement of financial position.
- A2 : We take note of your concern. However, there will be incidences where safety measures may not work as intended. We have been applying very stringent methods and have safety officers on board to monitor the workers and to keep the accidents to the minimal possible.
- Respondent : Mr. Chan Wah Chong, the Independent Non-Executive Director on behalf of Mr. Chua Yong Haup, the Managing Director
- A3 : Our clients in China and Taiwan are mainly agents to the US market. We segment our sales according to the markets that we export to instead of the final destinations.
2. From : Mr. Low Kah Leong, a shareholder
- Q1 : In view of the government’s recent changes in laws and regulations governing foreign workers, are there any plans for the Group to reduce its current workforce of 3,300 foreign workers?
- Q2 : How can the Company benefit from the trade war between China and US?
- Q3 : Do you foresee any demands in home office furniture in the US market?
- Respondent : Mr Lee Min On, the Chairman
- A1 : Apart from subcontracting some of the jobs that require manual operations to our subcontractors, we are also constantly looking for advance production facilities which reduce manual operations so that our dependence on foreign workers may be minimised. We are mindful of this and have in fact, identified this issue as one of the risks in our risk management.

- A2 : As businesses gradually resume their operations after the Movement Control Orders (“MCO”) imposed by the Malaysian government in March 2020 due to the Covid-19 pandemic and as a result of the trade war between China and US, some of the orders have been diverted to Malaysia which benefited the local furniture industry. However, we are keeping a close watch on this as the sustainability of this still very much depends on the US presidency election in November 2020.
- A3 : The future of home office furniture is indeed a blue ocean as more people are now working from home. Although we are still not sure whether this will revolutionise the way we do business, we will brace ourselves for this new normal.
3. From : Mr. Ee Yih Chin, a shareholder
- Q1 : What is the current back-order situation?
- Q2 : Understand from the Board during the last annual general meeting (“AGM”) that the available market size in the US market is about USD 10 billion and the Group only exported less than USD200 million. Is there any room for growth in the next 3 to 5 years?
- Q3 : Is there any capacity expansion plan for the Company apart from the construction of factory for EF Furniture Sdn Bhd as mentioned in page 4 of the annual report? If there is, what is the projected capex?
- Q4 : What are the Group’s competitive advantages in terms of costs and quality as compared to its competitors?
- Q5 : Recently, one of the non-profit organisations has pointed out the issue that most of the foreign workers in Malaysia are working for long hours with low wages. What approach will the Company take to mitigate this?
- Q6 : I suggest that the Company consider offering virtual attendance as an option for shareholders during the next AGM and offering site visit for those attending the meeting physically.
- Respondent : Mr. Chan Wah Chong, the Independent Non-Executive Director on behalf of Mr. Chua Yong Haup, the Managing Director
- A1 : We have a backup of 4 months for backorders.
- A2, A4 : Ikea is the largest industry player in the US market yet it only commands less than 2% of the market share. Our main focus is the low-end product market which is considered a more stable market in the US.
- A5 : Foreign labour issue such as long working hours, etc. is the norm in the industry in Malaysia.
- Respondent : Mr. Lee Min On, the Chairman
- A2, A3 : Although the market size is huge to tap on, there are also other industry players in the market. As such, we have engaged subcontractors as well as increased our capex to fulfil the orders.

- A6 : Fully virtual AGM is a very convenient alternative. However, as the internet connection is not stable in Muar, we will need to iron out the internet connection issue before holding virtual AGMs.
4. From : Mr. Khaw Yee Hui, a shareholder
- Q1 : Is the Company conducting any research and development (“R&D”) for new products?
- Q2 : Could you please elaborate further on the competition that we face from the Vietnamese competitors?
- Q3 : Will there be any increase or decrease in the operational costs going forward?
- Respondent : Mr. Chan Wah Chong, the Independent Non-Executive Director on behalf of Mr Chua Yong Haup, the Managing Director
- A1 : Our clients inform us when the need for a specific new product arises. We will then work closely with them on the costing as well as materials to use. As the US market is concerned on the sustainability issue, we are mindful of the materials that we use. For example, we have reduced the use of rubber woods in our products recently.
- A2 : We agree that Vietnam is our competitor as a lot of Chinese companies have set up factories in Vietnam and it is too late for us to set up factories there. However, their product range is quite different from ours and the labour costs in Vietnam are much higher than in Malaysia. As such, we do not see Vietnam as a major threat to us.
- Respondent : Mr Lee Min On, the Chairman
- A3 : The bulk of the operational cost is raw material cost and the overheads. The pressure that we face from the regulatory requirement changes is the labour costs. Although we have measures in place to contain such costs, we may consider increasing our price and to get the capacity availability.
5. From : Mr Low Ah Lek @ Low Kock Keng, a shareholder
- Q1 : There was an article published by The Edge recently regarding the acquisition of shares by one of the Company’s directors in another furniture company in Muar. Could you please share with us more information on this?
- Respondent : Mr. Chan Wah Chong, the Independent Non-Executive Director on behalf of Mr. Chua Yong Haup, the Managing Director
- A1 : Mr. Chua Lee Seng’s acquisition of shares in Tafi Industries Bhd is his personal investment and has nothing to do with the Company.
- Q2 : Given the availability of cash at bank balances, will the Company consider buying over other furniture companies?
- Respondent : Mr. Lee Min On, the Chairman
- A2 : Whilst we do have other capital commitment, we take note of your suggestion for utilisation of the cash available.

6. From : Encik Mohammad Ashraf bin Abu Bakar Yahya, a proxy representing Amanahraya Trustees Berhad
- Q1 : I notice that the growth of the revenue mainly comes from panel-based products. May I know what panel-based products are? Is the Company going to focus on this type of products going forward?
- Q2 : I notice that RM7 million has been spent on machinery and equipment. Is this related to the panel-based products as well?
- Q3 : The lumber prices have increased quite significantly in the past 2 months, do you face any increase in cost of material in Malaysia?
- Respondent : Mr. Chan Wah Chong, the Independent Non-Executive Director on behalf of Mr. Chua Yong Haup, the Managing Director
- A1 : Panel-based products are those knocked-down units that you find in IKEA such as the bookshelves, etc. As there is a growing demand for do-it-yourself (DIY) products which require the customers to assemble the products themselves, we have spent more resources building up factories for panel-based products.
- A2 : Approximately 90% of capex is for the panel-based products. We are building a new factory for panel-based products due to capacity constraints.
- A3 : Yes, the cost of material did increase. However, we are able to pass some of the costs to our clients and may only need to absorb less than 10% of the costs increased.