



CCK CONSOLIDATED HOLDINGS BERHAD

Registration No. 199601024340 (396692-T)
(Incorporated in Malaysia)

SUMMARY OF THE KEY MATTERS DISCUSSED AT THE TWENTY-FIFTH ANNUAL GENERAL MEETING (“AGM”) OF CCK CONSOLIDATED HOLDINGS BERHAD (“CCK” or “the Company”) CONDUCTED ENTIRELY THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT THE CONFERENCE ROOM, CCK FRESH MART SDN. BHD., LOT 4147, BLOCK 19, SEDUAN LAND DISTRICT, UPPER LANANG ROAD, 96000 SIBU, SARAWAK ON TUESDAY, 25 MAY 2021 AT 2.30 P.M.

The following key questions were raised by the shareholders at the AGM and the responses from CCK are as follows:

Questions raised by shareholders	Responses from CCK
<p>1.a) With the new norm, is the Company placing any plans to further digitalize the processing plants and enhance automation process?</p> <p>b) There's a mention on opening one (1) supermarket in Sarawak and four (4) new retail stores in East Malaysia. Are those location identified and could you share them with us?</p>	<p>a) The upgrading of processing plants digitalization is an ongoing project and the Company are trying to enhance automation as much as possible, given that the cost of operation especially the labour cost and the difficulties in searching for skilled workers.</p> <p>Other than area of operation, the Company continues to seek for the equipment with automation functions and digitalization processes. To implement digitalization in retail business, CCK will continue to look for vendor to provide suitable platform, especially the e-commercial business and mobile app which enable CCK to provide delivery service and stays connected with the customers.</p> <p>b) The next CCKLocal Supermarket will be located in Sibu, Sarawak. The renovation work will be started when the Enhanced Movement Control Order is lifted and expected to commence business by end of 2021. As for the upcoming four (4) new retail stores, the Company is in progress to identify suitable location, especially in some smaller cities or towns in Sarawak and Sabah. CCK will endeavours to open around five (5) fresh mart retail stores and one (1) or two (2) supermarket(s) in next few years.</p>

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<p>c) I see Indonesia market is a huge growth that the Company can increase its revenue, do you have plans to have footprint in Jakarta and other main cities in Sumatera?</p> <p>2.a) Home groceries delivery is becoming a norm which aggravated by Movement Control Order. Is there any plans from the Company to utilize the logistics arms to test the home delivery segment as part of the potential recurring revenues?</p> <p>b) I notice that the marketing and visual branding approach is somewhat similar to some established brands in West Malaysia, while I welcome such initiative which gives a positive vibe to consumers, any plans to increase branding visibility in the local community?</p>	<p>c) Currently, there are two (2) factories in Indonesia which located in Pontianak and Jakarta. For Jakarta, upgrading work has finished last year and currently commenced in full capacity. For Pontianak, the new facilities has been installed, and started operation beginning of 2021. The Company targets to open new factory in Java Island to enhance production and revenue.</p> <p>a) The Company has started to provide home delivering services last week to test run the market. This new norms required a series of infrastructure including user friendly's app and webpage that enable widely downloaded and browse by the customers. Drive-thru is another new practice to explore which encourage customers to shop online. The working on exploring, set up and implementation are expected to complete by end of 2021.</p> <p>b) The Company definitely will increase the marketing and branding and continue to explore different ways to engage with the customers through social media such as Facebook, Instagram and WhatsApp. The Company will continue to enhance existing social media and hopefully will be able to have better engagement with the customers.</p>
<p>3. How has CCK manage in the rising feed prices because of the rising prices of corn and soybean in general couple with rising USD rate. Is there any way of hedging?</p> <p>How is the magnitude of the impact to the top line revenue?</p>	<p>The rising feed cost is a concern especially since 3rd and 4th quarters 2020 and aggravated even more in 1st quarter 2021. CCK purchases feed from its associate, Gold Coin Sarawak Sdn. Bhd. and Gold Coin Sarawak Sdn. Bhd. does the hedging part. CCK tries to be containing and be more efficient as well as trying to transfer some increasing cost to our customers.</p> <p>It is difficult that giving now the sentiment in the market is actually quite slow and hopefully with roll up of the vaccine that sentiment in the market will improve. CCK would be able to cut off at least some of the cost of the feed increase in term of increasing selling price to the customers, retail customers and food and beverage business customers.</p>

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<p>4.a) What is the outlook of CCKLocal and its expansion drive/goal in medium term in one (1) to three (3) years? How is the performance so far and any challenges/adjustment that has been done?</p> <p>b) What is the market potential and direction of CCK Fresh Mart? Any further expansion drive in medium term or just improvement to existing outlets?</p> <p>c) How is the business in Indonesia and its projected growth in this market for the next three (3) years? What is the challenges and how the Company overcome it?</p>	<p>a) The two (2) CCKLocal stores located in Kuching and Kota Kinabalu are operating well and current operation gives the Company confidence to further expand in such retail format. Despite of Sibul and Bintulu which have been identified, potential location will continue to be identified in the next one (1) to two (2) years and commence business at least one (1) or two (2) CCKLocal store in the next one (1) to three (3) years.</p> <p>b) Embarking on store improvement and providing the best service to the retail customers and food and beverage business customers are always the ongoing practice. In term of the potential of expanding CCK Fresh Mart retail stores, rural areas and less population areas in Sarawak and Sabah provide more business opportunities. CCK Fresh Mart has the business model and operation method for rural areas. CCK has confidence to perform well in rural areas.</p> <p>c) The Company will continue to look for potential location to set up factories in other cities in Java Island in the period of one (1) to two (2) years. In term of business growth in Indonesia, there will be expanding of business especially in Jakarta and Pontianak in next three (3) years.</p>
<p>5.a) Firstly, I would like to know if the Company has any plans for inorganic growth (“Acquisition”) in the near future.</p> <p>b) Secondly, I would to know if the Company has plans to expand to Peninsular Malaysia.</p>	<p>a) CCK is optimistic and considering this acquisition of similar businesses. However, CCK is not pursuing it actively at the moment but the Company will consider when business opportunity arises in the future.</p> <p>b) CCK has no plan to open up branch at West Malaysia in the foreseeable future.</p>
<p>6. Did CCK get any grants or stimulus package from government incurred from Covid-19 pandemic, like loan, loan moratorium or salary subsidy?</p>	<p>Some of the Group’s subsidiaries received wage subsidies but CCK did not receive any assistance from the government.</p>

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<p>7. Retail segment profit margin seems to have improved to 5.4% in Financial Year Ended (“FYE”) 31 December 2020 as compared to FYE 31 December 2019 of 4.8% and FYE 31 December 2018 of 3.9%.</p> <p>a) What is the reason for such improvement of profit margin?</p> <p>b) Is this trend sustainable?</p>	<p>a) CCK is a fully integrated retail group that has a presence at every level of the entire supply chain. This strategy allows us to be more efficient and reap the benefits of our economies of scale, leading to an improvement in overall margins.</p> <p>b) CCK always endeavours to increase efficiency which would directly improve profit margins. However, it depends on the fluctuations in feed cost which brings major impact on the cost structure.</p>
<p>8. CCK has opened another four (4) retail stores and two (2) supermarkets in FYE 31 December 2020. What is the Same Store Sales growth (“SSSG”) for its existing sixty-one (61) retail stores?</p>	<p>CCK does not approach analysing CCK’s retail portfolio from a SSSG angle. CCK’s approach entails closely monitoring the payback period for each individual store and then maintaining a certain profit level.</p>
<p>9.a) In recent two years we see aggressive expansion in retailing segment and becoming the main income aside from poultry. I notice that prawn and food service is declining in proceeding year corresponding quarter. Apart from Movement Control Order impact, what is the Company’s plan to ensure sustainability of both segments to re-gain the market revenue?</p> <p>b) In Indonesian market, how much market share the Company is targeting with the current commissioning of the processing factory in Pontianak?</p>	<p>a) The decline in both segments was due to the break out of Covid-19 pandemic. The prawn segment was adversely impacted by a decline in export sales whilst the food service segment was adversely impacted by the closure of schools. The Company are addressing the decline in the prawn segment by shifting sales and marketing towards the local market. The food service segment is expected to recover when the Covid-19 pandemic abates and schools re-open.</p> <p>b) The new plant will increase capacity by approximately 30%. However, given the sheer size of the Indonesian market, CCK’s operations are negligible. Any increases to capacity should contribute positively to the segment’s performance but will not make much difference in terms of market share.</p>
<p>10. Currently most of the company require more cash flows for workers’ safety such as hostel and machinery safety and provide free Covid-19 pandemic product.</p> <p>How CCK manage to face the challenge during period demand reduce but requirement of expenditure raise?</p>	<p>CCK and its subsidiaries were classified as essential services and are allowed to fully operational in FYE 31 December 2020. The revenue in FYE 31 December 2020 increased by 0.72% from 2019. The expenditure on Covid-19 pandemic related items did not materially affect the cash flow.</p>