Appendix B

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CREATING
SUSTAINABLE
SHARED VALUE

REPLY TO MSWG & SHAREHOLDERS' QUESTIONS

By Mr Chia Song Kooi
Group Managing Director

24th ANNUAL GENERAL MEETING
22nd SEPTEMBER 2021

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Questions from MSWG

In the Interest of minority shareholders and all other stakeholders of the Company, we would like to raise the following issue at the 24^{th} Annual General Meeting of QL Resources Berhad to be held on Wednesday, 22 September 2021.

Operational & Financial Matters

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Q1.

On 9 August 2021, a lawsuit was initiated against QL subsidiaries, PT Pipit Mutiara Indah and QL Mutiara (S) Pte Ltd, as well as Chia Seong Fatt (a director of QL) in his capacity as a director of PMI. Based on the Bursa Announcement made on 23 August 2021, the Court had on 19 August 2021 granted an adjournment and the hearing date was postponed to 2 September 2021.

a) To-date, are there any updates or further development in relation to the matter mentioned above?

REPLY:

To date, there has been no further development on the matter except that the hearing was further postponed. Should there be any material development, we shall make an announcement on Bursa Securities as required under the Main Market Listing Requirements.

Q1

b) In view of the litigation, how and to what extent does the Board proactively monitor, evaluate and anticipate the reputational risks that the Group may face?

REPLY:

The Company has obtained the preliminary legal advice and is of the view that the lawsuit is frivolous, vexatious and without any legal merits, and is an abuse of legal and contractual process. It has engaged reputable legal firms to vigorously challenge and resist the lawsuit.

The Board does not anticipate any material reputational risk and will continue to engage with Management to discuss the latest developments of the case, including obtaining legal advice to assess and manage any risk.

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Q2.

FamilyMart convenience store business in the first quarter of FY2021 saw decreased sales, which then returned to near normal during the Conditional and Recovery MCO periods. As the number of COVID-19 cases rose alarmingly high towards the last quarter of FY2021, the normalisation of daily sales per outlet seems challenging (page 25 of Annual Report 2021 ("AR2021")).

(a)Was FamilyMart convenience store business profitable for FY2021?

REPLY:

The business was profitable for FY2021.

Operational & Financial Matters

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Q2.

b) The management team is also actively assessing the feasibility of new touchpoints to provide more convenient sales channels to customers, further strengthening the konbini concept of the Group's FamilyMart stores (page 25 of AR2021).

What are these new touchpoints? Please provide brief details about these new touchpoints, and plans, going forward.

REPLY:

They are the smart kiosks ("FamilyMart Mini") which offer freshly produced foods delivered on daily basis. The FamilyMart Mini is automated, contactless & cashless, accepting card and e-wallet payment.

The first FamilyMart Mini is located at Shell Karak Highway 2 in collaboration with Shell, and we plan to roll out to more Shell stations in addition to other strategic locations throughout Malaysia.

Q2 (c) With the recent entry of South Korea’s leading convenience store chains into the Malaysian market, i.e., CU and emart24, how and to what extent will it change the competition landscape for the Group’s Convenience Store Chain (“CVS”) business?

REPLY:

The entry reflects the increased acceptance of consumer for convenient food, as part of the new normal which will augur well for players including FamilyMart.

FamilyMart's fresh food offering and quality remain to be our differentiation against other CVS player and management continues to focus on delivering its differentiation and value proposition to consumers. We will also leverage our brand name to further expand our network for better access and convenience for consumers.

Operational & Financial Matters

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Q3. The high number of COVID-19 cases and stricter measures have affected growth expectations in FY2022. The first half of FY2022 is shaping up to be an overall tough period for businesses where the economic recovery fell short of anticipation. The anticipated negative outlook for Marine Products Manufacturing and Integrated Livestock Farming will be slightly offset by the cautiously positive prospects for Palm Oil and Clean Energy and Convenience Store Chain (p25 of AR2021).

What are the opportunities/management priorities for the next 12-18 months that can drive business growth?

REPLY:

The current pandemic impacts the overall business environment negatively. Over the next 12-18 months, the management will continue to prioritize the health and safety of its employees, while looking at ways to improve operational efficiency by adopting technology. With the shift in consumer consumption pattern, we will capitalize on this changing trend by offering them more convenient food choices which include ready to eat and surimi-based products.

In addition, we will focus on our Environment Social Governance (“ESG”) initiatives to ensure long term business sustainability.

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Questions Posed by Shareholder up to 20 September 2021

Q1.

a) The reason Family Mart (FM) outsources orders to external central kitchens when the company has its own in-house central kitchen?

REPLY:

Fresh food assortment is one of our value proposition to consumers and we will offer products which can fulfill consumers' needs and not just items which our central kitchen can produce.

But overall, only a few specific products are outsourced where external vendors have the requisite knowhow and more cost effective. Meanwhile, the in-house central kitchen can utilize its production capacity to focus on core products to maximize output and cost.

Questions Posed by Shareholder up to 20 Sep 2021

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Q1.

b) What's the strategy behind expanding FM outside of Klang valley? Where are these locations? How many convenience stores can Malaysia fit as a whole, and how saturated are we now currently?

REPLY:

FM will continue to expand its footprint in Peninsular especially in Southern and Northern region where there are good consumer demand. Meanwhile, drastic surge in Covid-19 cases and movement controls have disrupted our store opening schedule resulting in delays in our chartered course of having 300 stores by end FY2022 to Q2 FY2023.

Questions Posed by Shareholder up to 20 Sep 2021

Q1.

c) Please comment on the increasingly intense competition in the convenience store segment?

d) Can FM spinoff as a separate listed entity given the concession nature of FM?

REPLY:

c) Increased competition is good for the growth of the industry as it indicates the increased acceptance of convenience stores. FM will continue to differentiate its *konbini* concept through quality fresh food offering and convenience to consumers.

d) Currently, we have no plan. However, we may review this if the right opportunity arises.

Questions Posed by Shareholder up to 20 Sep 2021

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Q2.

a) When QL expected to have a good momentum of growth, as the current business is stagnant?

REPLY:

The momentum of growth is disrupted due to the unprecedented Covid-19 pandemic. Once the Covid-19 situation is under control with good progress of vaccination in Malaysia, the economies shall return to its growth path. We are positive that our performance will recover as well.

Q2.

b) What is the next 5 years forecasted growth and details plan (to win over the market and pleaded for good result)?

REPLY:

We will continue to invest in our growth pillars, namely processed foods segment and convenient retail stores to capture the growing demand for ready to eat foods and surimi-based products, in light of changing consumption pattern post pandemic.

In addition, our new subsidiary Boilermech will continue to seek out opportunities to be the leading engineering solution provider for clean energy, especially solar power, in line with Malaysia's renewal energy target of 20% by year 2025.

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Thank you