

We refer to your letter dated 15th May 2015 and hereby append our reply to the questions being raised.

## **STRATEGIC & FINANCIAL MATTER**

1) Question :-

The Group reported a profit after tax of RM1.5million in FY 2014 compared to a loss of RM45 million in FY 2013. The turnaround was due to a rise in demand from the global MDF market and lower cost of sales. What is the global outlook of MDF market 2015 and how the group positions itself in the current market condition? What measures would be taken by the Group to further improve its profit?

Answer:-

**The Global outlook of the MDF market in 2015 in terms of increase in demand and selling prices is slow and steady. The Group has position itself into strengthening its operation efficiency for an effective cost control throughout the group and together with the current appreciation of the US dollar will therefore further improve profits.**

2) Question :-

Could the Board explain the cost control measures taken in FY 2014 that could in some way help the Group to turn around from a loss position to profitability?

Answer:-

**Some of the cost control measures taken by the Group in FY 2014 that help in the turnaround was restructuring of non- performing operation, carrying out automation and modernization of machineries to enhance cost and productivity .**

3) Question :-

What was the reason for the Group to dispose its subsidiary, Evergreen Hevea Resources Sdn. Bhd. ("EHR") for a cash consideration of RM10. Please explain the basis in arriving at the sales consideration and what would be the impact to the Group's financial position?

Answer:-

**"EHR" has ceased its business operation since 4Q 2014 with no material assets and furthermore it does not contribute to the Group's profitability. The basis in arriving at the sales consideration was on a willing buyer willing seller by taking into account the value of the net liabilities in "EHR" and the potential counter claim. The impact to the Group will be on the provision made for Doubtful Bad Debts approximately RM2.3 million.**

4) Question :-

As mentioned on Note 39 of the Annual Report, EHR has meritorious counterclaim against Naza Industries Sdn. Bhd., the plaintiff. What is the latest position of the claim and was this fact taken into consideration for the disposal of EHR?

Answer:-

**The latest position on the case is that its pending for a date on trial by the High Court .Yes, all facts, figures and risk analysis were taken into consideration prior to the decision made by the Board to dispose “EHR”.**

## **CORPORATE GOVERNANCE**

Request :-

MSWG is promoting standards of Corporate Governance best practices in PLCs. In this regard, we would hope the Board could publish a summary of minutes of the general meetings on the Company's website to be in line with the spirit of transparency and good corporate governance practices based on the ASEAN CG Scorecard to assess the level of CG standards of PLCs in Malaysia.

Reply:-

**Yes we shall publish the summary of minutes of the annual general meeting on our company's web site.**

Request :-

We would appreciate if the Board could present the points raised here and their related answers, for the shareholders present at the AGM.

Reply:-

**Yes the Board will present all points raised in our coming AGM for shareholders present and for the benefit of other shareholders, points will also be posted on our website.**