

**KEY MATTERS DELIBERATED DURING THE EIGHTEENTH GENERAL MEETING OF THE COMPANY HELD ON A FULLY VIRTUAL BASIS AT THE BROADCAST VENUE: CONFERENCE ROOM OF PLOT 19, HILIR SUNGAI KELUANG 2, TAMAN PERINDUSTRIAN BAYAN LEPAS, FASA IV, 11900 PENANG ON FRIDAY, 19 JUNE 2020 AT 10.00 A.M.**

When asked by the Chairman on any questions on the FS 2019, the following enquiries / concerns were raised by the Shareholders / Proxies and Mr. Yeoh Beng Hooi, the Group CEO was invited to address the enquiries / concerns raised:-

- a) *Liew Chee Seng : Congratulation to the Board for the good performance. How does Covid-19 pandemic affected the Company? Has the Company benefited from Covid-19 outbreak ? Does the Company could work at 100% capacity during the Movement Control Order (MCO) period? Are you making Glass Platters? How well are your Cloud Solution Division doing? Could you please post the minutes of the AGM on your website.*

Dufu Group’s operations in China and Malaysia were affected by Covid-19 pandemic. In China, the operation was shut-down from February 1, 2020 and fully resumed on March 10, 2020. As for operations in Malaysia, the factory were shut-down on March 18, 2020 and resumed operation by stages throughout the period of Movement Control Order (MCO). The production was only fully resumed on April 30, 2020.

There was no delivery impact for HDD sector as the finished goods inventory was sufficient to meet the forecasted demand until May 2020. Dufu’s product demand from HDD industry remain stable as customers’ plants in Thailand and China remained operational during the MCO.

Dufu manage to ship ahead all required goods to customer’s hub to avoid supply disruption. However, there were some delivery impacts for non-HDD products where the products are normally built per order without buffer stock.

Unavoidable, Dufu Group had lost production capacity during MCO. Nevertheless, the Group’s delivery forecast for HDD customers remained stable, and the Management anticipate no major changes for coming quarters.

However, Dufu is expecting to see varying degrees of business performance on non-HDD products as customers are either recovering their supply-chain or awaiting market to be re-opened. Overall, Dufu group remains optimistic for business outlook in 2020.

Further to the forecast sales provided by the customers, the Group remains optimistic that the performance of Cloud Solution Division would remain strong for second half of year 2020.

- b) *Tan Yet Siong : Group expect next quarter performance will eventually dent, how about second half year? Will it recover sharply if the second wave of Covid-19 can be well controlled by July?*

As the Group’s delivery forecast for HDD customers remained strong in second half of year 2020, the Management is optimistic that the Group’s performance would recover in the second half of year 2020.

- c) *Tan Yet Siong : How Beijing second wave happened now affect the Company? Did the plain in Guangzhou force to temporary shut down now?*

The Management do not foresee the Beijing second wave to impact the Group’s operation in China.

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- d) *Ooi Ah Seng : May I know the factory the factory that bought in Prai Industrial Estate has been started ? What products are doing there ? We are seeing Q1'2020 is slightly affected by Covid-19, does the Q2'2020 is affected much as comparing to Q1'2020 ?*

Mr. Yeoh reported that the factory in Bukit Minyak has commenced its operation in August 2019 and the operations are mainly for stamping and sheet metal products. The factory was shut down during the MCO and the same goes to certain of its customers. Its production has since resumed and the order demand is recovering.