Appendix 1

ASIA BRANDS BERHAD

[Company No : 197501000740 (22414-V)]

(Incorporated in Malaysia)

Questions from the letter received from the Minority Shareholders Watch Group during 50th Annual General Meeting and the Company's response

No.	Questions	Response
Operational and Financial Matters		
1.	What is the Group's optimal store network size that it intends to achieve, and has the Group completed the rationalisation process?	• There is no fixed optimal store network size as each store is adjusted in line with market dynamics. • Ongoing rationalization is carried out selectively and strategic. Areas of focus vary over time depending on the market needs and operational priorities. • Costs are controlled by maintaining parity of all types of expenses as a proportion of falling net revenue, with emphasis on sustaining efficiency and competitiveness across all business segments. • The Company is not in the position to disclose targets for the financial year ending 31 March 2026, however, focus remains on sustaining long-term performance.
2.	What identifiable cost structures are being restructured and cost savings beyond the 136 consignment counters exited and the closing 15 loss-making stand-alone outlets?	
3.	What is the division's aim for the pre-tax business margin for the financial year ending 2026 (FYE 2025: 2.3%), given the current performance, which was impacted by the continued decline in birth rates nationwide?	
4.	With challenging market conditions expected to continue, what is the Board and management's strategic vision for sustainable growth over the next 3 to 5 years, given the Group's confidence in its ability to sustain financial stability and maintain its leading position in the domestic market?	• The Group is transitioning from brick-and-mortar to digital commerce while maintaining its core channels. • These initiatives represent opportunities to improve the Group's competitiveness and long-term sustainability. • The numbers are not disclosed but investments are strategic, focusing on positioning the Group's digital commerce.
5.	Based on the Group's financial information, the Group's net profit has declined 81.5% over 5 years from RM16.2 million in 2021 to approximately RM3.0 million in 2025 (Page 12 of AR 2025).	

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	Considering this consistent downward trend, can these strategies of digital enhancement and cost optimisation not only, for example, decelerate the decline in profit but also reverse this five-year decline?	• The Group's commitment to shareholders, subject to earnings and cash, is to remain sustainable at present levels. • No disclosure as dividend decisions will continue to balance shareholders' returns with financial prudence.
6.	What budget has been allocated for digital enhancement in the next two financial years?	
7.	Is this dividend sustainable if profits continue to decline? What is the Group's minimum profit level required if it intends to maintain current dividend payments?	
Corporate Governance Matters		
8.	How does the Board ensure independent oversight with only two independent directors?	• Key Board committees are chaired by Independent Directors to ensure oversight. • The current Board structure provides adequate balance and the Board remains committed to gradual compliance.