

KYM HOLDINGS BHD.
(84303-A)
(Incorporated in Malaysia)

**EXTRACT OF THE MINUTES OF THE THIRTY-SEVENTH ANNUAL GENERAL MEETING OF
THE COMPANY HELD AT THE REGISTERED OFFICE, NO. 12 LORONG MEDAN TUANKU
SATU 50300 KUALA LUMPUR ON THURSDAY, 20 JUNE 2019 AT 11.00 A.M.**

Present: Directors
Dato' Seri Dr. Isahak bin Yeop Mohamad Shar
Dato' Seri Ir. Mohamad Othman bin Zainal Azim
Dato' Lim Kheng Yew
Dato' Mohd Azmi bin Othman
Mr Lim Tze Thean
Mr Lee Ji Jin Darren

Shareholders & Proxies
As per Attendance List

Absent with apology: Datuk Seri Rahadian Mahmud bin Mohammad Khalil

In Attendance: Chee Min Er (Company Secretary)

Chairman: Dato' Seri Dr. Isahak bin Yeop Mohamad Shar

**1. RECEIPT OF AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 31
JANUARY 2019**

The Chairman informed that the Board has received a letter from MSWG just before the commencement of this meeting. The questions from MSWG in relation to Financial/Strategy were read out to the shareholders and the response to MSWG were noted and set out in Appendix I. The Company would reply to all the points raised in the letter with greater details in writing.

The questions/comments raised by the shareholders present at the meeting and the reply by Mr Lim Tze Thean and Dato' Seri Ir Mohamad Othman bin Zainal Azim were noted as follow:

- (a) Ms Linnert Hoo, the representative from MSWG highlighted that Datuk Seri Rahadian Mahmud bin Mohammad Khalil attended 2 out of 5 (40%) of the Board meetings in FY2019. In this regard, the office of Datuk Seri Rahadian Mahmud bin Mohammad Khalil shall become vacant automatically pursuant to Paragraph 15.05(3)(c) of the Main Market Listing Requirements ("MMLR"). The Company is in breach of Paragraph 15.05(3)(c) of the MMLR.

The Board has inadvertently overlooked the provision of Paragraph 15.05(3)(c) of the MMLR. The Board has deliberated the meeting attendance of Datuk Seri Rahadian Mahmud bin Mohammad during the financial year and has taken steps to improve his meeting attendance. Datuk Seri Rahadian Mahmud has made a very valuable contribution to the Company. Mr Lim Tze Thean assured that Datuk Seri Rahadian's attendance does not impair the performance of the Board as a whole.

- (b) Encik Ahmad Bin Ibrahim, a shareholder of the Company complimented the Board of Directors for the improved performance of the Group for the financial year ended 31 January 2019. Nevertheless, he urged the Board to reduce the dormant companies to reduce expenses. Mr Lim Tze Thean replied that the Board has been taking steps to

reduce the dormant companies and will expedite the process of closing down the remaining dormant subsidiaries. During the financial year, 3 dormant companies have been struck out.

Encik Ahmad also commented that the Company should provide light refreshments/beverages before the meeting started as a token of appreciation to the shareholders who attended the AGM.

The Chairman replied that light refreshment will be provided at the end of the AGM. Nevertheless, the Board took note of the suggestion.

- (c) Mr Lai Kim Loong, a proxy holder queried the reason contributing to the profit for the financial year. Dato' Seri Ir. Mohamad Othman replied that the profits are primarily attributable to the receipt of the exit fee amounting to approximately RM7.348 million as a result of the mutual termination of the cooperation contract with Billerudkornas and the improvement in the Carton Boxes Division.

2. RESOLUTION 1 - APPROVAL OF DIRECTORS' FEES AND THE PAYMENT OF DIRECTORS' BENEFITS (EXCLUDING DIRECTORS' FEE) TO NON-EXECUTIVE DIRECTORS FROM THE DATE OF AGM UNTIL THE NEXT AGM OF THE COMPANY

The Chairman informed that the next item was to approve the proposed payment of Directors' Fees and the payment of Directors' Benefits (excluding directors' fee) to Non-Executive Directors with effect from the 36th AGM until the next AGM of the Company.

Resolution 1 was duly proposed by Encik Ahmad Bin Ibrahim and seconded by Mr Lai Kim Loong. The Chairman proceeded to the next item on the agenda.

3. RE-ELECTION OF THE FOLLOWING DIRECTORS

Resolution 2 in respect of the re-election of Dato' Lim Kheng Yew was duly proposed by Mr Lai Kim Loong and seconded by Encik Ahmad Bin Ibrahim.

Resolution 3 in respect of the re-election of Dato' Mohd Azmi Bin Othman was duly proposed by Encik Ahmad Bin Ibrahim and seconded by Mr Lai Kim Loong.

4. RESOLUTION 4 - RE-APPOINTMENT OF CROWE MALAYSIA PLT AS AUDITORS OF THE COMPANY AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

The Chairman informed that Crowe Malaysia PLT had expressed their willingness to continue in office as Auditors of the Company for the ensuing year.

The Chairman apprised the presence of the audit engagement team represented by Mr Ngiam Mia Teck and Ms Rainie Tan Ching Nie.

Resolution 4 was duly proposed by Mr Lai Kim Loong and seconded by Encik Ahmad Bin Ibrahim.

SPECIAL BUSINESS

5. RESOLUTION 5 - AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016

Resolution 5 was proposed by Encik Ahmad Bin Ibrahim and seconded by Mr Lai Kim Loong.

6. RESOLUTION 6 - PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS AND A NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The Chairman announced that Dato' Lim Kheng Yew and Mr Lim Tze Thean, being the interested Directors and interested Shareholders had abstained from voting on Resolution 6 in respect of their direct and/or indirect shareholding. The interested Directors and the interested Major Shareholders as stated in the Circular to Shareholder dated 29 May 2019 had undertaken that persons connected with them would also abstain from voting Resolution 6.

Resolution 6 was proposed by Encik Ahmad Bin Ibrahim and seconded by Mr Lai Kim Loong.

7. RETENTION OF THE FOLLOWING DIRECTORS AS INDEPENDENT NON-EXECUTIVE DIRECTORS

The Chairman informed that the Company applied Practice 4.2 of the Malaysian Code of Corporate Governance whereby the Company shall seek the shareholders' approval for the retention of independent non-executive directors who have served the Company for more than 12 years through a two-tier voting process.

Resolution 7 in respect of the retention of Datuk Seri Rahadian Mahmud bin Mohammad Khalil was proposed by Encik Ahmad Bin Ibrahim and seconded by Mr Lai Kim Loong.

Resolution 8 in respect of the retention of Dato' Seri Ir. Mohamad Othman bin Zainal Azim was proposed by Encik Ahmad Bin Ibrahim and seconded by Mr. Lai Kim Loong.

Resolution 9 in respect of the retention of Dato' Mohd Azmi bin Othman was proposed by Encik Ahmad Bin Ibrahim and seconded by Mr Lai Kim Loong.

8. OTHER BUSINESS

It was noted that no notice was received to transact any other business.

9. POLLING PROCESS

The Company Secretary was invited to explain the procedure of the manual polling process. The shareholders and proxies proceeded to cast their votes.

The results of the polls were then verified by the independent scrutineer, Mega Corporate Services Sdn Bhd.

10. ANNOUNCEMENT OF POLL RESULTS

The Chairman called the Meeting back to order for the announcement of results. The Chairman read out the poll results that he received from Mr Alfred John of Mega Corporate Services.

Resolution	Voted in FOR/ Favour		Voted Against		Results
	No. of		No. of		
	Share(s)	%	Share(s)	%	
RESOLUTION 1	47,245,255	100	-	-	Carried
RESOLUTION 2	44,355,255	100	-	-	Carried
RESOLUTION 3	47,355,155	99.9998	100	0.0002	Carried
RESOLUTION 4	47,355,255	100	-	-	Carried
RESOLUTION 5	47,355,255	100	-	-	Carried
RESOLUTION 6	5,040,255	100	-	-	Carried
RESOLUTION 7	TIER 1	30,000,000	100	-	Carried
	TIER 2	17,355,155	99.9994	100	
RESOLUTION 8	TIER 1	30,000,000	100	-	Carried
	TIER 2	17,355,155	99.9994	100	
RESOLUTION 9	TIER 1	30,000,000	100	-	Carried
	TIER 2	17,355,155	99.9994	100	

Based on the poll results, the Chairman declared that all resolutions tabled at the Annual General Meeting be **CARRIED**.

RESOLUTION 1

It was RESOLVED:

“That the payment of Directors’ Fees of RM104,000 for financial year ended 31 January 2019 and the payment of Directors’ benefit (excluding Directors’ Fee) to Non-Executive Directors of up to an amount of RM19,550 from the date of 37th Annual General Meeting until the next Annual General Meeting be and is hereby approved.”

RESOLUTION 2

It was RESOLVED:

“That Dato’ Lim Kheng Yew who retired in accordance with Article 81 of the Company’s Constitution be and is hereby re-elected as a Director of the Company.”

RESOLUTION 3

It was RESOLVED:

“That Dato’ Mohd Azmi Bin who retired in accordance with Article 81 of the Company’s Constitution be and is hereby re-elected as a Director of the Company.”

RESOLUTION 4

It was RESOLVED:

“That Messrs Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath) be and are hereby appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors.”

RESOLUTION 5

Authority to Allot and Issue Shares Pursuant To Sections 75 and 76 of the Companies Act, 2016

It was RESOLVED:

“That pursuant to Section 75 and 76 of the Companies Act, 2016, the Directors be and are hereby authorised to allot and issue shares in the Company at any time at such price and upon such terms and conditions and for such purposes and to such person or persons whomever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.

And that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad.”

RESOLUTION 6

Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions and a New Shareholders’ Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature

It was RESOLVED:

“That, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the shareholders’ mandate for the recurrent related party transactions of a revenue or trading nature as approved by the shareholders of the Company on 3 July 2018 authorizing the Company and its subsidiaries (“KYM Group”) to enter into any of the recurrent transactions of a revenue or trading nature of the Group as set out in Section 2.2 of the Circular to Shareholders dated 29 May 2019 with the related party mentioned therein which are necessary for the day-to-day operations of the KYM Group be and is hereby renewed provided that the transaction are in the ordinary course of business, at arms’ length basis and are on normal commercial terms which are not more favorable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders’ Mandate during the financial year.

And that such approval conferred shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the forthcoming AGM at which such Proposed Shareholders’ Mandate passed, at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting.

whichever is earlier,

And that the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary in the best interest of the Company (including executing all such documents as may be required) to give effect to the Proposed Shareholders' Mandate."

RESOLUTION 7

Retention of Datuk Seri Rahadian Mahmud Bin Mohammad Khalil as Independent Non-Executive Director

It was RESOLVED:

"That Datuk Seri Rahadian Mahmud Bin Mohammad Khalil be and is hereby retained as Independent Non-Executive Director of the Company."

RESOLUTION 8

Retention of Dato' Seri Ir. Mohamad Othman Bin Zainal Azim as Independent Non-Executive Director

It was RESOLVED:

"That Dato' Seri Ir. Mohamad Othman Bin Zainal Azim be and is hereby retained as Independent Non-Executive Director of the Company."

RESOLUTION 9

Retention of Dato' Mohd Azmi Bin Othman as Independent Non-Executive Director

It was RESOLVED:

"That Dato' Mohd Azmi Bin Othman be and is hereby retained as Independent Non-Executive Director of the Company."

TERMINATION

There being no further business, the meeting terminated at 12.10 p.m. with a vote of thanks to the Chair.

CHAIRMAN

REPLY TO QUESTIONS FROM THE MINORITY SHAREHOLDER WATCH GROUP

Financial/Strategic Matters

- 1) As stated in the Management Discussion and Analysis (MD&A) on page 15 of the Annual Report, the Company will continue to divest its non-core businesses and assets. What are the non-core businesses and assets earmarked to be divested?

KYM's focus will be on its core business ie the manufacturing and sale of industrial paper packaging products. We shall conserve our resources for the expansion of our manufacturing business. The non-core businesses and assets earmarked to be divested are mainly the land bank located in Perak. Details of these properties are set out in List of Properties on page 119 of the Annual Report.

- 2) The Statements of Financial Position on page 50 & 51 of the Annual Report shows that the Hire-purchase payable has reduced to RM15.3 million in FY2019 from RM18.9 million in FY2018. However, MSWG noted that the hire purchase interest expenses for FY2019 is RM801,000 or 1,232% higher than the amount in FY2018 (Note 34 to the Financial Statements on page 90 of the Annual Report). Please explain.

The subsidiary drew down the new hire purchase loan in January 2018 to finance the new machinery and started to repay hire purchase interest in February 2018, which is the beginning of the financial period. Mr Ngiam Mia Teck from Crowe Malaysia PLT further explained that the differences are primarily due to the timing difference of the drawdown of hire purchase loan to finance the new machinery. The hire purchase cost incurred in FY2018 was primarily due to cost incurred on the older machinery previously financed.

- 3) The related party transaction disclosed in Note 40 to the Financial Statements on page 97 of the Annual Report shows that the rental charged by Tzel Assets Sdn Bhd (TASB) has increased significantly from RM1.142 million in FY2018 to RM1.784 million in FY2019, representing an increase of 56%. What is the reason for the significant increase?

The increase of the rental was mainly due to the additional rental paid for the new special purpose-built warehouse within Tapah factory effective from 1 March 2018 in conjunction with the expansion plan of Hasrat Meranti (Tapah) Sdn Bhd.

- 4) Note 41 to the Financial Statements on Segment Information (Page 98 & 99 of the Annual Report)

- a) Investment Holding Segment recorded nil revenue in both FY2018 & FY2019. Why has the loss before taxation increased significantly from RM360,000 in FY2018 to RM6.112 million in FY2019 and what are the major expenses for the Segment?

The Investment Holding Segment generates no income (currently and historically) and it's merely a cost centre. We shall provide with MSWS with the details of the major expenses for the Segment in writing.

- b) Property Segment generated a revenue of RM228,000 but incurred a loss before taxation of RM1.082 million.

- i. Please provide the details, including the type, the location and the size of the properties that have been leased out to generate rental income.
- ii. What are the major expenses incurred for the Segment.
- iii. Moving forward, what is the plan for the Property Segment to turnaround the Segment?

The revenue generated are mainly rental income generated from the Medan Tuanku office and the factory in Beranang. These are intercompany income. The major expenses incurred for the Property Segment are administrative expenses and quit rent. The Property Segment is planning to divest the land held in Manjung and Ipoh, Perak.

- c) What is the major businesses in the “Other” Segment and are these business expected to contribute positively to the bottom line of the Segment in the three years?

The “Other” Segment relates to the management fees received from a wholly owned subsidiary, KMG Assets Sdn Bhd. There is no financial impact to the Group.

- 5) Note 5 to the Financial Statement on Page 72 & 73 of the Annual Report show that 64% or RM48.306 million of the investment in subsidiaries was impaired.

- a) Which are the subsidiaries that have the impairment losses?

The information is not readily available at the meeting. The Company shall provide MSWG with the list of subsidiaries that have the impairment losses in its written reply.

- b) There are twelve subsidiaries remain dormant. What is the plan for these dormant subsidiaries?

The Group’s ultimate plan is to close these dormant companies to reduce the annual maintenance cost.

Corporate Governance Matters

- 6) Meeting attendance of the Directors on page 27 of the Annual Report shows that Datuk Seri Rahadian Mahmud bin Muhammad Khalil attended on 2 out of 5 (40%) of the Board meetings in FY2019.

- a) What is the reason for him not being able to attend all the Board meetings?

Datuk Seri Rahadian Mahmud bin Muhammad Khalil inability to participate in the Board Meeting was because he need to attend others ad-hoc matters. However, Mr. Lim Tze Thean affirm that the attendance of Datuk Seri Rahadian Mahmud had not impaired the performance Datuk Seri Rahadian and the Board. Datuk Seri Rahadian were updated on the matters discussing during the Board Meeting.

- b) Pursuant to Paragraph 15.05(3)(c) of the MMLR, a Director of a public listed company must attend at least 50% of the total Board Meeting held during a financial year. In this regard, the office of the director shall vacant automatically if the Director fails to comply with the 50% Requirement and the Company must make an immediate announcement of the vacation of office. The Company is in breach of Paragraph 15.05(3)(c) of the MMLR.

The Board had overlooked the Paragraph 15.05(3)(c) and will take steps in rectifying the matter.