

**KYM HOLDINGS BHD.**  
(Reg No.: 198201004556) (84303-A)  
(Incorporated in Malaysia)

Minutes of the Thirty-Ninth Annual General Meeting of the Company held fully virtual on Thursday, 8 July at 11:00 a.m.

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

Shareholders & Proxies  
As per Attendance List

In Attendance: Chee Min Er (Company Secretary)

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

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## 1. CHAIRMAN'S ADDRESS

The Chairman extended a warm welcome and thanked to the shareholders and proxies for attending the 39<sup>th</sup> Annual General Meeting ("AGM") of KYM Holdings Bhd which is held fully virtual through live streaming. Due to the current Enhanced Movement Control Order being enforced by the Government, the AGM will be conducted fully virtual through live streaming and online remote voting in accordance with the guidelines issued by the Securities Commission.

Before beginning the proceedings of 39<sup>th</sup> AGM, the Chairman reminded the shareholders that the attendance at the 39<sup>th</sup> AGM is restricted to the Company's shareholders and authorized corporate representatives who have registered to attend the meeting remotely.

The Chairman introduced each member of the Board and the attendees including the Company Secretary who were also participating the AGM via live streaming.

## 2. QUORUM

The Company Secretary informed that 18 shareholders and proxies present virtually at the meeting. 6 shareholders of 45,815,100 shares have lodged their proxy within stipulated time. The Company Secretary confirmed the presence of the requisite quorum at the commencement of the Meeting.

There being a quorum, the Chairman called the meeting to order.

**3. NOTICE**

The Notice of Annual General Meeting dated 31 May 2021, having been circulated in accordance with the Company's Constitution, was taken as read.

**4. E-VOTING**

The Chairman informed the shareholders and proxies present that pursuant to Paragraph 8.29A of the Main Market Listing Requirements, any resolutions set out in the notice of any general meeting shall be voted by poll.

The Chairman informed that the Company has appointed V-Cube Malaysia Sdn. Bhd. ("V-Cube") as poll administrator to conduct the e-voting process and SLCC Networks Sdn Bhd. ("SLCC") as the independent scrutineer to verify the poll results. The polling process for all resolutions would be conducted upon completion of the deliberation of all items to be transacted at the AGM.

**4. RECEIPT OF AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 31 JANUARY 2021**

The Chairman informed that the Audited Financial Statements for financial year ended 31 January 2021 was meant for discussion only under the provision of Section 340(1)(a) of the Companies Act 2016. As such, this item is not required to be put to vote by the shareholders.

The Chairman welcomed questions from the shareholders and proxies who were present at the 39<sup>th</sup> AGM. The shareholders and proxies were asked to post their question in relation to the financial statements and the following agenda thereon in chat box.

The Chairman informed that the Company had received a letter from Minority Shareholders Watch Group ("MSWG") dated 2 July 2021. The CEO, Mr Lim Tze Thean read out the questions from MSWG in relation to Financial/Strategy and the Company's response. The Company's written response to MSWG is set out in Appendix I annexed to the minutes.

**5. 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 resolution 1 is to approve the proposed payment of Directors' Fees of RM104,000 for financial year ended 31 January 2021 and the payment of Directors' Benefits (excluding directors' fee) to Non-Executive Directors of up to an amount of RM19,550 from the date of the 39<sup>th</sup> AGM until the next AGM.

**6. RESOLUTION 2 & 3 - RE-ELECTION OF DIRECTORS**

Resolution 2 was to re-elect Dato' Seri Ir. Mohamad Othman bin Zainal Azim who retired by rotation in accordance with Clause 81 of the Company's Constitution. He has offered himself for re-election.

Resolution 3 was to re-elect Mr Lim Tze Thean who retired by rotation in accordance with Clause 81 of the Company's Constitution. He has offered himself for re-election.

**7. 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.

**SPECIAL BUSINESS**

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

Resolution 5 was to authorize the Directors to allot and issue shares pursuant to Section 75 and 76 of the Companies Act 2016, at any time until the conclusion of the next Annual General Meeting.

**9. RESOLUTION 6 - PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY OF A REVENUE OR TRADING NATURE**

The Chairman informed that the details of the Proposed Shareholders' Mandate are stated in the Circular to Shareholders dated 31 May 2021. The Chairman further informed that Dato' Lim Kheng Yew and Mr Lim Tze Thean, being the interested Directors and interested Shareholders would abstain from voting on Resolution 6 in respect of their direct and/or indirect shareholding in KYM. The interested Directors and the interested Major Shareholders as stated in the Circular to Shareholder dated 31 May 2021 had undertaken that person connected with them would also abstain from voting on Resolution 6.

**10. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

- (I) RESOLUTION 7 - DATUK SERI RAHADIAN MAHMUD BIN MOHAMMAD KHALIL**
- (II) RESOLUTION 8 - DATO' SERI IR. MOHAMAD OTHMAN BIN ZAINAL AZIM**
- (III) RESOLUTION 9 - DATO' MOHD AZMI BIN OTHMAN**

The Chairman informed that the Company is seeking 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 is the retention of Datuk Seri Rahadian Mahmud Bin Mohammad Khalil as Independent Non-Executive Director.

Resolution 8 is the retention of Dato' Seri Ir. Mohamad Othman Bin Zainal Azim as Independent Non-Executive Director

Resolution 9 is the retention of YBhg Dato' Mohd Azmi Bin Othman as Independent Non-Executive Director.

**11. OTHER BUSINESS**

The Company Secretary confirmed that the Company did not receive any notice to transact any other business.

## 12. QUESTION AND ANSWER SESSION

Before proceeding to the voting and polling session, questions/comments raised by the shareholders present at the meeting and the reply by Mr Lim Tze Thean was noted as follow:

- a) Mr Lau Tiam Aik, one of the shareholders of the Company congratulated the Board of Director on the Company's performance despite the challenging times. Mr Lau asked about the key success that KYM has implemented for the improved planning and will KYM be able to sustain after COVID-19 pandemic.

Mr Lim Tze Thean replied that operational stability is the key. KYM has taken care of the employees and not retrenched anyone throughout the Movement Control Order ("MCO"). This allows KYM to resume operations smoothly when the Company was allowed to operate. Operationally and in terms of sales, the Company are sound but unfortunately due to restrictions under the MCO, KYM and KYM's customers have had to shut down. Communication is the second key point. Working closely with Ministry of International Trade and Industry ("MITI"), Malaysian Investment Development Authority ("MIDA"), Malaysian National Security Council ("MKN") and Ministry of Health of Malaysia ("KKM"), to adhere to the Standard Operating procedures ("SOPs") and to ensure the Company operate smoothly.

As there were no other questions from the shareholders, the Chairman informed that the meeting proceeded with the polling session.

## 13. E-VOTING PROCESS AND ANNOUNCEMENT OF POLL RESULTSS

The Chairman briefed the meeting on the e-voting process.

The meeting was adjourned at 11.48 a.m. for the voting process, counting and verification of the poll results.

The Chairman resumed the meeting at 12.00 p.m. for the declaration of the voting results provided by the poll administrator and verified by the scrutineers.

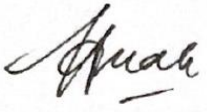
Based on the poll results, the Chairman declared that all resolutions tabled at the Annual General Meeting be CARRIED.

Resolution		Voted in FOR/ Favour		Voted Against		Results
		No. of Share(s)	%	No. of Share(s)	%	
RESOLUTION 1		53,284,600	99.9996	200	0.0004	Carried
RESOLUTION 2		53,284,700	99.9998	100	0.0002	Carried
RESOLUTION 3		50,284,600	99.9996	200	0.0004	Carried
RESOLUTION 4		53,284,600	100	-	-	Carried
RESOLUTION 5		51,732,500	99.9998	100	0.0002	Carried
RESOLUTION 6		2,469,500	99.9960	100	0.0040	Carried
RESOLUTION 7	TIER 1	30,000,000	100	-	-	Carried
	TIER 2	23,284,400	99.9991	200	0.0009	
RESOLUTION 8	TIER 1	30,000,000	100	-	-	Carried
	TIER 2	23,180,200	99.9991	200	0.0009	
RESOLUTION 9	TIER 1	30,000,000	100	-	-	Carried
	TIER 2	23,242,400	99.9991	200	0.0009	

The list of resolutions passed at the 39<sup>th</sup> AGM are set out in Appendix B to these minutes.

#### **TERMINATION**

There being no further business, the meeting terminated at 12.08 p.m. with a vote of thanks to the Chair.

A handwritten signature in black ink, appearing to read 'A. A. A.', is written over a light grey rectangular background.

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CHAIRMAN

## **REPLY TO QUESTIONS FROM THE MINORITY SHAREHOLDER WATCH GROUP**

### **Operational and Financial Matters**

- 1) KYM continued to be loss-making with net loss of RM1.06 million in FY2021, as compared to net loss of RM8.8 million in the preceding year. The improved performance was attributed to better financial results from the Carton Box division and the absence of fair value loss on investment properties.

Does the group foresee better financial performance in financial year 2022 and will the Group be able to turn around in financial year 2022?

#### Response

*With the rollout of vaccines in February 2021, sign of market recovery and improvement in the Group's performance was seen in the first quarter of FY2022. The Group reported a higher revenue of RM20.843 million with profit before tax of RM278 thousand for the first quarter ended 30 April 2021.*

*However, the resumption of the economic activities has been affected following an implementation of a nationwide Movement Control Order 3.0 (MCO 3.0) from 12 May to 7 June 2021 and subsequently, the Full Movement Control Order (FMCO) from 1 June 2021. On 27 June 2021, the Government announced the further extension of the FMCO. The extended FMCO is expected to have an adverse impact on the operations of the Multiwall Industrial Paper Sack division. Business is expected to resume when the nation or more states shift to phase two of the National Recovery Plan (NRP) in July and August and phase three in September and October, with more sectors to be allowed to resume operations, albeit at a reduced capacity.*

*The Carton Box division has been operating during the FMCO at 60% of the workforce. The division is allowed to operate when most parts of Selangor is placed under Enhanced Movement Control Order (EMCO) from 3 July – 16 July 2021.*

*Premise on the above and barring any unforeseen circumstances, the Board is cautiously optimistic that the Group's financial performance will improve when most restrictions are expected to be lifted and all economic sectors allowed to open in November and December 2021 according to the National Recovery Plan – Malaysia's Covid-19 Lockdown Exit Roadmap.*

- 2) Despite being the largest revenue contributor (67% of KYM's total revenue in FY2021) to KYM, the paper sacks division continued to register loss due to lower sales volume, depressed selling price and increase in raw material prices, while the carton box division saw a two-fold increase in pre-tax profit to RM2.843 million as the division was less impacted by the COVID-19 pandemic and various MCO implemented in 2020.

Will the Carton Box division continue to be the key profit contributor moving forward and given the improved divisional performance, is it feasible for the Group to prioritize the Carton Box business?

Response

*Carton Box division has been performing and reporting profits since FY2020 subsequent to the operational restructuring plan and the ongoing improvement activities. The Multiwall Industrial Paper Sacks division was impacted by COVID-19 pandemic and MCO 1.0 in 2020. Performance of the Multiwall Industrial Paper Sacks division improved in the first quarter as sales in export markets gradually recovered in the first quarter ended 30 April 2021. While the paper sacks division is reducing losses and narrowing the gap, the Carton Box division will be the key profit contributor in the short term. We expect the paper sacks division to turnaround and contribute to the Group's profits once all the restrictions are lifted and we can resume normal operations.*

- 3) KYM expects that the market demand for sustainable packaging is on the rise due to rapid growth of food delivery and e-commerce activities. Thus, the Carton Box division is expanding its capacity to cater for this rising demand. (Page 11 of AR2021)

What does this capacity expansion plan entail?

Response

*At present, the Carton Box division is expanding its production and printing capabilities cautiously to cope with its increasing demand as well as for better quality standard. We shall review the capacity expansion and workforce to ensure we are able to operate at optimum capacity.*

- 4) In view of the rising paper and other raw material costs, KYM is adjusting the selling price to reflect the cost increase.

To what extent have the product selling prices been increased to reflect the cost pressure.

Response

*As of to-date, we have adjusted the product selling prices twice to reflect the cost pressure. We expect to adjust our prices based on the market conditions for the commodity price of paper accordingly.*

- 5) KYM's priorities for the coming year are about increasing sales, pursuing continued cost and efficiency measures, and securing a competitive and reliable supply of raw materials.

How does the Group achieve these objectives?

Response

*The Carton Box division will continue to embark on marketing effort and strategic business initiatives to boost performance, focus on value added services to meet the requirements of its customers. The Multiwall Industrial Paper Sack division remains focus on expanding its export business to drive further growth in the ASEAN markets.*

*We collaborate and engage with our major raw material suppliers closely to secure the allocation of paper supply. We also explore alternative supply sources and alternative*

*materials.*

- 6) The Multiwall Industrial Paper Sack division generated more hazardous waste (e.g., ink sludge, waste ink) in FY2021 with 38 MT as compared to 35.5MT in previous year. The increase in waste was due to increase in demand for higher printing specification and frequent color change resulting from smaller orders.(Page 18 of AR2021)

Meanwhile, the level of liquid waste generated by the Carton Box division was lower at 60 MT in FY2021, as compared to 65.8 MT in FY2020. However, the level of liquid waste generated by Carton Box division is considered substantial as compared to 21 MT in FY2022.

How does the Group plan to reduce the level of wastes produced during manufacturing process?

Response

*The Group shall review the baseline for measurement of waste due to the change of products trend and requirements. In addition, we shall optimize ink reuse and recycling opportunities, where possible.*

- 7) KYM’s internal auditor Tricor Axcelasia Sdn Bhd had highlighted three observations of which two were classified as High priority for which implementation of action must commence within 3 months from the date of the report. While one observation was classified as Moderate Priority for which implementation of action must commence within the next six months from the date of the report. (Page 32 of AR2021)

What are the observations raised by Tricor Axcelasia? What are the actions taken to address these concerns?

Response

<b>OBSERVATION</b>	<b>PRIORITY</b>	<b>ACTIONS TAKEN/IMPLEMENTED</b>
<p><i>Strategic Planning Management</i></p> <p><i>To establish action plans/initiatives on any Movement Control Order (MCO) enforced by the Government.</i></p>	<i>High</i>	<i>Business continuity plan has been established to mitigate impact in the event CMCO is enforced. In addition, Departmental KPI has been established to achieve objectives according to relevant and specific targets for FY2021</i>
<p><i>Occupational Safety &amp; Health Management</i></p> <p><i>To enhance COVID-19 practices and procedure at the plants in Perak to ensure strict compliance with the SOP issued by MITI.</i></p>	<i>Moderate</i>	<i>We fully comply with the SOP issued by MITI and MKN. In addition, we have obtained the certificate for the accommodation provided to our employees in compliance with the Employees’ Minimum Standards of Housing, Accommodations and Amenities Act 1990.</i>



<b>OBSERVATION</b>	<b>PRIORITY</b>	<b>ACTIONS TAKEN/IMPLEMENTED</b>
<i>Weaknesses in Collection Management</i>  <i>To review credit facility granted to customers to minimize credit risks and risk of bad debts.</i>	<i>High</i>	<i>We have updated the Credit Facility SOPP to ensure credit terms granted to customers are in accordance with SOPP.</i>

## **RESOLUTION PASSED AT THE 39<sup>TH</sup> AGM**

### **RESOLUTION 1**

It was RESOLVED:

“That the payment of Directors’ Fees of RM104,000 for financial year ended 31 January 2021 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 39<sup>th</sup> Annual General Meeting until the next Annual General Meeting be and is hereby approved.”

### **RESOLUTION 2**

It was RESOLVED:

“That Dato’ Seri Ir. Mohamad Othman Bin Zainal Azim 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 Mr Lim Tze Thean 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 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**

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 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 31 May 2021 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 Mohamad Khalil as Independent Non-Executive Director**

It was RESOLVED:

“That Datuk Seri Rahadian Mahmud Bin Mohamad 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.”