

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

Minutes of the 41<sup>st</sup> Annual General Meeting of the Company held at Level 17, KYM Tower, No. 8, Jalan PJU 8/6, Mutiara Damansara, 47800 Petaling Jaya on Wednesday, 5 July 2023 at 11:00 a.m.

Present:                    Directors  
Mr Lim Tze Thean  
Mr Lee Ji Jin Darren  
Mr Sharman A/L Arumugam  
Ms Gan Chia Hui  
Ms Lee Li Choon

Shareholders & Proxies  
As per Attendance List

Invitees:                External Auditors – Crowe Malaysia PLT  
Mr Gerald Lau Beng Tong  
Mr Sean Lee Kim Seong  
Mr Lee Guan Sheng

Independent Scrutineers – SKY Corporate Services Sdn Bhd  
Hazlinda Binti Fauzi  
Salinah A/P David Joachim

And as per Attendance List

In Attendance:        Chee Min Er (Company Secretary)

Chairman:                Mr Lim Tze Thean

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**1. CHAIRMAN'S ADDRESS**

The Chairman extended a warm welcome to all present and thanked the shareholders and proxies for attending the 41<sup>st</sup> Annual General Meeting ("AGM") of KYM Holdings Bhd. Before beginning the proceedings of the AGM, the Chairman reminded the shareholders that the attendance at the AGM is restricted to the Company's shareholders and authorized corporate representatives who have registered to attend the meeting.

The Chairman introduced the members of the Board and the Company Secretary who were present at the 41<sup>st</sup> Annual General Meeting.

**2. QUORUM**

The Company Secretary confirmed that there was sufficient quorum for commencement of the Meeting. The Chairman called the meeting to order.

### **3. VOTING BY POLL**

The Chairman informed 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 meeting was further informed that Boardroom Share Registrar Sdn. Bhd. had been appointed as the Poll Administrator to conduct the polling process while SKY Corporate Services Sdn Bhd. had been appointed 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. NOTICE**

The Notice of Annual General Meeting dated 31 May 2023, having been circulated in accordance with the Company's Constitution, was taken as read.

### **5. PRESENTATION ON KYM GROUP**

Mr Darren Lee, the Chief Executive Officer, presented the key financial highlights of the KYM Group for financial year ended 31 January 2023 and briefed on the Group's roadmap for value creation as well as the key highlights of the Group's sustainability initiatives.

A copy of the presentation slides is uploaded to the Company website.

### **6. RECEIPT OF AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 31 JANUARY 2023**

The Chairman informed that the Audited Financial Statements for financial year ended 31 January 2023 was meant for discussion only under the provision of Section 340(1)(a) of the Companies Act 2016 and need not be put to vote by the shareholders.

Before proceeding with the Q&A session, the Chairman informed that the Board had received a letter from the Minority Shareholders Watch Group ("MSWG") dated 30 June 2023. The list of questions from MSWG and the Company's corresponding responses were presented on screen and read out by Mr Darren Lee (Appendix I).

The Chairman invited questions from the shareholders and proxies who were present at the 41<sup>st</sup> AGM. Ms Lim Cian Yai, the representative from MSWG raised further questions on the selling price and the production cost of the new plastic-free ESG packaging, as well as the renewal status of the supply agreement between Hasrat Meranti Sdn Bhd and BillerudKornas AB ("BK") which shall be expiring soon.

Mr Darren Lee responded as follows:

- a) Generally, the selling price of the plastic-free ESG packaging will be based on the economies of scale and market take-up rate. The price can be more competitive if more of the ESG packaging are sold. However, the selling price will not be significantly higher. In addition, the Group does not foresee a significant cost increase as compared to producing the existing bags. Ultimately, the Group's main objective would be to bring value to its customers.

- b) Negotiation with the supplier is underway. However, the Group does not foresee any significant risk in the event the supply contract is not renewed. The Group is constantly assessing its suppliers who can produce quality as well as price competitive raw material.

As there were no other questions from the floor, the Chairman proceeded to the next item on the agenda.

**7. 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 RM138,000 for financial year ended 31 January 2023 and the payment of Directors' Benefits (excluding directors' fee) to Non-Executive Directors of up to an amount of RM12,750 from the date of the 41<sup>st</sup> AGM until the next AGM.

Resolution 1 was duly proposed by Mr Tan Peng Aun and seconded by Mr Cheah Yew Boon.

**8. RESOLUTION 2 - RE-ELECTION OF MR LIM TZE THEAN**

The Chairman passed the chair to Mr Darren Lee to conduct the proceedings on the re-election of himself who retired by rotation in accordance with Article 81 of the Company's Constitution.

Resolution 2 was duly proposed by Ms Mak Sheh Ling and seconded by Mr Mok Tuck Meng.

Mr Darren Lee passed back the Chair to Mr Lim Tze Thean after the completion of the above agenda.

**9. RESOLUTION 3 - RE-ELECTION OF MS LEE LI CHOON**

Resolution 3 was to re-elect Ms Lee Li Choon who was retiring by rotation in accordance with Article 87 of the Company's Constitution and being eligible, had offered herself for re-election.

Resolution 3 was duly proposed by Mr Tan Peng Aun and seconded by Mr Lim Kheng Eng.

**10. 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.

Resolution 4 was duly proposed by Mr Cheah Yew Boon and seconded by Mr Loke Yoon Kid.

**11. 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.

Resolution 5 was duly proposed by Mr Mok Tuck Meng and seconded by Mr Loke Yoon Kid.

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

The details of the Proposed Shareholders' Mandate were set out in the Circular to Shareholders dated 31 May 2023. As the Chairman was an interested party of this agenda item, he passed the Chair to Mr Sharman A/L Arumugam to preside over the agenda.

Mr Sharman A/L Arumugam informed that Mr Lim Tze Thean, being an interested Director and interested Major Shareholder would abstain from voting on Resolution 6 in respect of his direct and/or indirect shareholdings in KYM. The interested Director and the interested Major Shareholders as stated in the Circular to Shareholder dated 31 May 2023 had undertaken that person(s) connected with them would also abstain from voting on Resolution 6.

Resolution 6 was duly proposed by Mr Cheah Yew Boon and seconded by Ms Mak Sheh Ling.

Mr Sharman A/L Arumugam passed back the Chair to Mr Lim Tze Thean after conclusion of the above agenda.

**13. RESOLUTION 7 – WAIVER OF PRE-EMPTIVE RIGHTS FOR ISSUANCE OF NEW SHARES UNDER THE EMPLOYEES SHARE SCHEME 2022 ('ESS')**

The Chairman informed that Resolution 7 was to seek waiver of the pre-emptive rights pursuant to Section 85(1) of the Companies Act 2016 ('the Act') read together with Clause 47 of the Company's Constitution.

Pursuant to Section 85(1) of the Act read together with Article 47 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issues shares in the Company or other convertible securities.

The Chairman informed that in order for the Board to issue any new shares or other convertible securities free of pre-emptive rights, such pre-emptive rights must be waived. The proposed ordinary resolution, if passed, will exclude the shareholders' pre-emptive rights over all new shares, options or grant of new shares or any other convertible securities in the Company and/or any new shares to be issued pursuant to such options, grants or other convertible securities under the Authorities to Directors to Allot Shares and pre-emptive rights over options or grants offered or to be offered pursuant to the ESS and/or any new shares to be issued by the Company pursuant to the ESS.

Resolution 7 was duly proposed by Ms Mak Sheh Ling and seconded by Mr Tan Peng Aun.

**14. OTHER BUSINESS**

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

## 15. 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.

## 16. ANNOUNCEMENT OF POLL RESULTS

The meeting was adjourned at 11.45 a.m. for the counting and verification of the poll results by the Poll Administrator and Independent Scrutineers respectively.

Upon counting and verification of the poll results, the Chairman called the Meeting to order at 12.10 p.m. for declaration of the poll results.

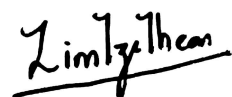
Based on the poll results, the Chairman declared that all resolutions tabled at the Annual General Meeting be CARRIED.

Resolution	Voted FOR/ In Favour		Voted Against		Results
	No. of Share(s)	%	No. of Share(s)	%	
RESOLUTION 1	55,773,800	100	-	-	Carried
RESOLUTION 2	57,023,800	100	-	-	Carried
RESOLUTION 3	61,873,800	100	-	-	Carried
RESOLUTION 4	61,873,800	100	-	-	Carried
RESOLUTION 5	61,873,800	100	-	-	Carried
RESOLUTION 6	3,523,800	100	-	-	Carried
RESOLUTION 7	61,873,800	100	-	-	Carried

The list of resolutions passed at the 41<sup>st</sup> AGM are set out in Appendix II to the minutes.

## TERMINATION

There being no further business, the meeting terminated at 12.15 p.m. with a vote of thanks to the Chair.



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CHAIRMAN

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

### **Operational and Financial Matters**

- 1. The Company made major board reshuffles in FY2023 by redesignating two executive directors and the new appointment of three independent non-executive directors. At the same time, the Company also appointed two senior officers to manage operation and investment duties.**

**KYM is also grooming Mr Lee Ji Jin Darren to helm the chief executive officer (CEO) role. Upon the appointment of Mr Lee as the new CEO, Mr Lim Tze Thean intends to step down as the CEO and remain the Executive Chairman.**

- a) What are the plans for KYM with the new board and management line-up? What changes will the reshuffled board and management bring to the Company and shareholders?**

**Response:**

*With Darren Lee officially at the helm, the new Board and management line-up will diligently seek new business opportunities for acquisitions and expansions to future-proof KYM's business and to affect a valuation shift. We shall also further integrate sustainability efforts in our operations as well as product innovation and enhance our ESG framework.*

- b) How is the succession process of grooming Mr Lee as the next CEO progressing? When will the appointment be finalised?**

**Response:**

*Mr Darren Lee has been appointed as the new CEO of the Group effective from 1 July 2023.*

- 2. KYM recorded stellar financial performance for FY2023 with a new profit of RM8.93 million (FY2022: RM3.55 million) and revenue of RM120.38 million (FY2022: RM82.84 million), mainly driven by higher product selling prices and export sale of paper sacks.**

**However, KYM's manufacturing segment turned red for the first quarter ended 30 April 2023, with a pre-tax loss of RM1.89 million, due to lower selling prices and a softer export market for the Multiwall Industrial Paper Sacks division.**

- a) What is the outlook for the Manufacturing segment, especially the Multiwall Industrial Paper Sacks division for FY2024? Is the soft market demand expected to persist throughout FY2024?**

**Response:**

*The operating environment of the Group remains competitive and challenging, with the various macroeconomic factors such as the global inflationary pressures, on-going volatility of paper roll prices and the Group's foreign exchange exposure. In addition, the recent hike in interest rate will have a direct impact on the Group's financial performance.*

*Our focus will be on the inventories management and control to rationalise paper roll purchases in this volatile environment. While monitoring closely global economic trends and market*

*sentiment, we also continue to improve cost management, operational efficiency by reducing production wastages and increase supply chain efficiency by digitalization.*

*We expect a gradual recovery in sales in the remainder year as our domestic cement customers are expected to benefit from the continued recovery of the construction activities on the back of the 4.5% economic growth projection in Malaysia for 2023. Export sales are expected to resume in Q3 - Q4 FY2024. The resumption of the export sales coupled with the introduction our new products, we expect earnings to recover in upcoming quarters.*

- b) The financial performance of KYM is hinged on the Manufacturing segment, as the latter is the primary revenue and profit contributor to the Company. However, the financial contribution of the Manufacturing segment has been volatile and is highly sensitive to the business activities of its clients.**

**Does the Group see the need to diversify its sources of income to mitigate the earning impact of the Manufacturing segment and better safeguard long-term business sustainability? If it does, please elaborate on the diversification plans.**

*Response:*

*We are actively seeking new business opportunities via merger & acquisitions to create multiple income streams. We have established war-chest for acquisitions and expansions. Apart from that, we shall continue our efforts to divest non-core businesses and assets of the Group to build up the war-chest for merger & acquisitions.*

- c) The paper sacks produced by KYM cater mainly for industrial use. Is it feasible or viable for the Group to expand the use of paper sacks to other applications to diversify its source of income?**

*Response:*

*Our set up and machineries are mainly to produce bags for industrial use. Other types of paper sacks like shopping bags and consumer bags are produced by different kind of machines.*

- 3. For FY2023, KYM focused on digitalising supply chain management in the Carbon Box division to shorten the lead time and improve delivery time to customers.**

**It also plans to digitalise the paper roll management and supply chain management in the Multiwall Industrial Papers Sacks division. This is in progress and is expected to be completed by the end of 2023 (page 12 of AR2023).**

- a) How will the lead and delivery times improve before and after the supply chain digitalisation?**

*Response:*

*With the supply chain digitalisation, the lead time and delivery performance improve through meticulous monitoring of raw material procurement, specifically paper board purchasing and arrivals. Coupled with the improved production planning strategies, smaller orders can be strategically grouped together to optimize production efficiency. In addition, we are able to enhance customer satisfaction by providing accurate delivery as promised, the latest status of order, and flexible production schedule when customer asks to change delivery schedule.*

- b) What is the allocated spending for digitalisation? What are the expected cost savings and operational efficiency from these initiatives?**

Response:

*The Group has allocated approximately RM500k for digitalisation over the next three years. We expect to achieve cost savings through enhanced inventory management, improved production efficiency, reduced operational bottlenecks, and better decision-making based on real-time insights. These initiatives drive operational excellence, increase profitability, and position the organization for long-term success in a competitive market.*

**Sustainability Matters**

- 1. In FY2023, the Group made a breakthrough by developing its new Plastic Free Film ESG Sacks for a major customer.**

**The Multiwall Industrial Paper Sacks division looks forward to launching the Top Deaeration Plastic Free Film ESG Sacks, its new sustainable and innovative product to capture customers' interest.**

- a) How does the new ESG packaging differ from KYM's conventional products in terms of the amount or type of material used, cost of production, weight, porosity, tear strength, environmental impact etc.?**

**What is the market reception and the Company's expectation towards this new product?**

Response:

*The new ESG Sacks (TDB PFF ESG Sack) uses a special paper to act as a barrier against moisture from entering the bags, hence it eliminates the need for PE film. This new packaging increases packing efficiency, optimal space utilization and provide long product life span. The ESG bags are easily recyclable as there is no PE film present on the used bags and it eases the process of separating PE film from the paper.*

*The PFF ESG sacks are targeted to specific customers who choose to comply with the ESG requirements and use environmentally friendly and recyclable packaging materials. Companies are encouraged by the Government to contribute positively to net-zero greenhouse gas emissions and provide incentives for companies to adhere to the new initiatives.*

*We also continue to produce conventional types of bags which are cheaper as alternative for customers who need more time to convert their packaging to the ESG compliant bags.*

*Therefore, we have both types of bags to cater for the wider market and provide alternatives as per customers' requirements.*

- b) The Company targeted to commence the commercial production of the new ESG packaging in the second half of 2023 (page 12 of AR2023).**

**What capex is required for KYM to purchase, upgrade or tweak its plants and equipment to manufacture this new product?**



**Has the Company secured firm orders from existing/new customers for this new product?**

Response:

*We have invested in a state-of-the-art industrial paper sack line five (5) years ago. The current machines and equipment are able to produce the new ESG packaging without any upgrading.*

*Our major local customer has agreed to switch their packaging to the new ESG packaging within 6 months after we did a trial run with them for more than 6 months. We are in negotiations with other major bags users and our export customers in Indonesia and Thailand to convert their existing packaging to the new ESG bags.*

- 2. No data were reported for Scope 1: Direct Emissions for the Multiwall Industrial Paper Sacks Division and its headquarters (page 23 of AR2023), whereas such disclosure was made on the Carton Box division.**

**Why was the data not reported for the paper sacks division and HQ activities?**

Response:

*The Multiwall Industrial Paper Sacks division did not record the consumption of diesel and LPG in the last 2 years while HQ is a corporate office, it does not use diesel and LPG for its business activities.*

**Corporate Governance Matters**

- 1. Referring to Practice 8.1 of the Malaysian Code on Corporate Governance (MCCG), which states that PLCs to provide detailed disclosure on named basis for the remuneration of individual directors, including fees, salary, bonus, benefits-in-kind and other emoluments, KYM provided incomplete disclosure for directors' remuneration as the disclosure was only made at the Company level, instead of Group level as well. Please make such a disclosure moving forward.**

Response:

*The disclosure of the remuneration of individual directors is presented in the 2023 Annual Report on page 36 for Company and Group level. However, the disclosure at Group level was inadvertently omitted in the Corporate Governance (CG) Report. We will ensure to include the disclosure in the CG Report moving forward.*

**RESOLUTION PASSED AT THE 41<sup>st</sup> AGM**

**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**

It was RESOLVED:

"That the payment of Directors' Fees of RM138,000 for financial year ended 31 January 2023 and the payment of Directors' benefit (excluding Directors' Fee) to Non-Executive Directors of up to an amount of RM12,750 from the date of 41<sup>st</sup> Annual General Meeting until the next Annual General Meeting be and is hereby approved."

**RESOLUTION 2**

**RE-ELECTION OF MR LIM TZE THEAN**

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 3**

**RE-ELECTION OF MS LEE LI CHOON**

It was RESOLVED:

"That Ms Lee Li Choon who retired in accordance with Article 87 of the Company's Constitution be and is hereby re-elected as a Director of the Company."

**RESOLUTION 4**

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

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.

And that pursuant to Section 85 of the Act to be read together with Article 47 of the Constitution of the Company, the shareholders of the Company do hereby waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to Sections 75 and 76 of the Act.”

## **RESOLUTION 6**

### **PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE 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 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 2023 with the related party mentioned therein which are necessary for the day-to-day operations of the KYM Group be and is hereby renewed And That a new shareholders’ mandate be and is hereby granted to the Company and its subsidiaries to enter into additional recurrent related party transactions of a revenue or trading nature as specified in the said Circular to Shareholders 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**

### **WAIVER OF PRE-EMPTIVE RIGHTS FOR ISSUANCE OF NEW SHARES UNDER THE EMPLOYEES SHARE SCHEME 2022 ('ESS')**

It was RESOLVED:

"That further to the shareholders' approval obtained on 8 June 2022 and pursuant to Section 85(1) of the Companies Act 2016 read together with Article 47 of the Company's Constitution, the shareholders do hereby waive their pre-emptive rights over all options and/or grants offered/to be offered pursuant to the ESS and/or any new shares to be issued pursuant to the exercise of such options and/or the vesting of such grants by eligible employees and/or eligible directors of the Company, such new shares, when issued, shall rank pari passu with the existing shares."