

**KUMPULAN PERANGSANG SELANGOR BERHAD**  
**(Company No. 197501002218/ 23737-K)**  
**(Incorporated in Malaysia)**

**Minutes of the Forty-Third Annual General Meeting (“43<sup>rd</sup> AGM”)** of Kumpulan Perangsang Selangor Berhad (“KPS or the Company”) held virtually from the KPS Corporate Office, 17<sup>th</sup> Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan on Tuesday, 30 June 2020 at 10.00 a.m.

**Present** : **Members**

As per Attendance List

**Directors**

Dato’ Nor Azmie bin Diron (Chairman)

Encik Ahmad Fariz bin Hassan, Managing Director/Group Chief Executive Officer (“MD/GCEO”)

Present via Webex platform : Encik Soffan Affendi bin Aminudin  
YBhg Dato’ Ikmal Hijaz bin Hashim  
Puan Rita Benoy Bushon  
Puan Norliza binti Kamaruddin  
Mr Koay Li Onn (Leon)  
YBhg Dato’ Noorazman bin Abd Aziz

Absent with apology : YBhg Dato’ Idris bin Md Tahir

By Invitation : As per Attendance List

In Attendance : Puan Hashimah binti Mohd Isa  
Puan Selfia binti Muhammad Effendi } Company Secretaries

**PRELIMINARY**

Dato’ Nor Azmie bin Diron (“Dato’ Chairman”) presided as Chairman of the meeting.

**NOTICE OF MEETING**

The notice convening the meeting, having been circulated earlier to all members of the Company via e-Communication which contains QR code to view the Notice of AGM and duly advertised in “The Star” within the prescribed period, was taken as read.

**QUORUM**

On behalf of the Board and Management, Dato’ Chairman welcomed all shareholders and invited guests who were present remotely from various locations through live streaming to the 43<sup>rd</sup> AGM of KPS. Thereafter, upon confirmation by the Secretary on the presence of the requisite quorum, Dato’ Chairman called the meeting to order at 10.05 a.m.

Before proceeding with the Agenda, Dato' Chairman invited the MD/GCEO to provide an overview of the Company's performance for 2019, its achievements, strategy and prospects going forward to the shareholders as per **Appendix 1** attached.

The MD/GCEO thanked the shareholders for their participation and shared his presentation entitled 'Business Review and Prospects' covering, the following:

- i) 2019 Report Card;
- ii) 2019 Financial Highlights;
- iii) Share Price Performance;
- iv) Sustainability Initiatives;
- v) Outlook Amid COVID-19; and
- vi) Business Catalysts.

Following that, Dato' Chairman thanked the MD/GCEO for the presentation and informed the meeting that any questions pertaining to the MD/GCEO's presentation will be addressed during Q&A session later.

Before Dato' Chairman proceeded to the first (1<sup>st</sup>) item of the Agenda, he drew the shareholders' attention to the procedures in tabling and approving resolutions. The seven (7) ordinary resolutions as set out in the AGM Notice shall be put to vote by polling as per Bursa Securities' Listing Requirements. Pursuant to Clause 63(3) of the Company's Constitution, voting by way of poll accords one vote for every one share held by the shareholder.

Dato' Chairman explained the sequence of the flow for the meeting as follows:

- i) He will go through all the seven (7) ordinary resolutions as set out in the AGM Notice;
- ii) Followed by the Questions and Answers ("Q&A") session which shareholders/proxies have posted their questions in the query box when they logged - in to join the live streaming. Time allocated for this session was about 30 minutes and the Board/Management will endeavour to answer your questions posed which are related to the business of 43<sup>rd</sup> AGM. Nevertheless, in the event that the Board/Management are unable to answer all the relevant questions in the allotted time, the responses to the remaining questions will either be e-mailed to the shareholders at the earliest possible, after the meeting or posted on the Company's website;
- iii) After the Q&A session, all the seven (7) resolutions will then be put to vote remotely by using the Remote Participation & Voting ("RPV") applications. The Board/Management will also allocate sufficient time for the shareholders to vote via the RPV during the session.

Dato' Chairman added that the Company has appointed Tricor Investor & Issuing House Service Sdn Bhd ("Tricor") as Poll Administrators and Boardroom Corporatehouse Sdn Bhd ("Boardroom") as Independent Scrutineer.

To facilitate the voting via RPV, the online remote voting will be accessible from 10.00 a.m. until the time to be announced later.

Dato' Chairman invited Puan Suzana binti Abdul Rahim ("Puan Suzana") from Tricor to explain on the voting procedure and how to raise questions at the meeting through the RPV application.

Puan Suzana briefed the shareholders on the steps for submission of votes remotely and questions in the query box provided via the live streaming meeting platform.

Dato' Chairman thanked Puan Suzana for the presentation.

**1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 AND THE REPORTS OF DIRECTORS AND AUDITORS**

The Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of Directors and the Auditors ("AFS") thereon having been circulated to all the shareholders of the Company within the statutory period were tabled to the meeting for discussion.

It was noted that, pursuant to Section 251(1)(a) of the Companies Act 2016 ("CA 2016"), the AFS shall be approved by the Board and as such no formal approval of the shareholders for the AFS was required. Nevertheless, under Section 244(2)(a) of CA 2016 the AFS shall be circulated to the members and laid before the Company at its Annual General Meeting ("AGM").

In view of the above, Dato' Chairman declared that the AFS for the financial year ended 31 December 2019 together with the reports of the Directors and the Auditors laid at this AGM in accordance with Section 340(1)(a) of the CA2016, be and hereby received.

**2. ORDINARY RESOLUTION 1  
- RE-ELECTION OF DIRECTOR – DATO' NOORAZMAN BIN ABD AZIZ ("DATO' NOORAZMAN")**

The meeting proceeded to Ordinary Resolution 1 which was to re-elect Dato' Noorazman as Independent Director of the Company, who retired pursuant to Clause 78 of the Company's Constitution.

Dato' Chairman informed the meeting that Dato' Noorazman was subjected to retirement pursuant to Clause 78 of the Company's Constitution and being eligible for re-election, has offered himself for re-election. Dato' Noorazman was appointed to the Board on 1 January 2020 and profile of Dato' Noorazman could be found on page 79 of the Annual Report 2019.

It was noted that in line with the best practice in corporate governance, the Board has conducted assessment on Dato' Noorazman based on relevant performance criteria. In this respect, the Board has approved the recommendation of its Nomination and Remuneration Committee ("NRC") that Dato' Noorazman was eligible to stand for re-election.

Since voting will be conducted on a poll at the end of the meeting after the Q&A session, Dato' Chairman proceeded with the next item on the Agenda.

In view that the next Agenda item was related to re-election of Dato' Chairman himself, the MD/GCEO took over the Chair of the meeting for the following resolution 2.

**3. ORDINARY RESOLUTION 2  
- RE-ELECTION OF DIRECTOR – DATO' NOR AZMIE BIN DIRON ("DATO' NOR AZMIE")**

The MD/GCEO proceeded with Ordinary Resolution 2 which was to re-elect Dato' Nor Azmie as Non-Independent Non-Executive Chairman of the Company, who retired pursuant to Clause 78 of the Company's Constitution.

The MD/GCEO informed the meeting that Dato' Nor Azmie was subject to retirement pursuant to Clause 78 of the Company's Constitution and being eligible for re-election, has offered himself for re-election. Dato' Nor Azmie was appointed to the Board on 17 January 2020 and profile of Dato' Nor Azmie could be found on page 72 of the Annual Report 2019.

It was noted that in line with the best practice in corporate governance, the Board has conducted assessment on Dato' Nor Azmie based on relevant performance criteria. In this respect, the Board has approved the recommendation of its NRC that Dato' Nor Azmie was eligible to stand for re-election.

Since voting will be conducted on a poll at the end of the meeting after the Q&A session, the meeting shall proceed with the next item on the Agenda.

The MD/GCEO hand over the Chair to Dato' Chairman.

**4. ORDINARY RESOLUTION 3  
- RE-ELECTION OF DIRECTOR – ENCIK SOFFAN AFFENDI BIN AMINUDIN ("ENCIK SOFFAN")**

The meeting proceeded to Ordinary Resolution 3 which was to re-elect Encik Soffan as Non-Independent Non-Executive Director of the Company, who retired pursuant to Clause 78 of the Company's Constitution.

Dato' Chairman informed the meeting that Encik Soffan was subject to retirement pursuant to Clause 78 of the Company's Constitution and being eligible for re-election, has offered himself for re-election. Encik Soffan was appointed to the Board on 17 January 2020 and profile of Encik Soffan could be found on page 73 of the Annual Report 2019.

It was noted that in line with the best practice in corporate governance, the Board has conducted assessment on Encik Soffan based on relevant performance criteria. In this respect, the Board has approved the recommendation of its NRC that Encik Soffan was eligible to stand for re-election.

Since voting will be conducted on a poll at the end of the meeting after the Q&A session, Dato' Chairman proceeded with the next item on the Agenda.

**5. ORDINARY RESOLUTION 4  
- RE-ELECTION OF DIRECTOR – YBHG DATO' IKMAL HIJAZ BIN HASHIM ("DATO' IKMAL")**

The meeting proceeded to Ordinary Resolution 4 which was to re-elect Dato' Ikmal as

Independent Director of the Company, who retired pursuant to Clause 76(3) of the Company's Constitution.

Dato' Chairman informed the meeting that Dato' Ikmal was subject to retirement pursuant to Clause 76(3) of the Company's Constitution and being eligible for re-election, has offered himself for re-election. Dato' Ikmal has been on the Board since 1 January 2018. Details of Dato' Ikmal's profile could be found on page 75 of the Annual Report 2019.

It was noted that in line with the best practice in corporate governance, the Board has conducted assessment on Dato' Ikmal based on relevant performance criteria. In this respect, the Board has approved the recommendation of its NRC that Dato' Ikmal was eligible to stand for re-election.

Since voting will be conducted on a poll at the end of the meeting after the Q&A session, Dato' Chairman proceeded with the next item on the Agenda.

**6. RETIREMENT OF PUAN RITA BENOY BUSHON AS DIRECTOR OF KPS PURSUANT TO CLAUSE 76(3) OF THE COMPANY'S CONSTITUTION**

The Chairman informed the meeting that Puan Rita Benoy Bushon, who retired as a Director of the Company at the conclusion of this 43<sup>rd</sup> AGM pursuant to Clause 76(3) of the Company's Constitution, had vide a letter dated 14 May 2020 indicated that she did not wish to seek for re-election as Director at this 43<sup>rd</sup> AGM. Hence, she retired and ceased to be a Director of KPS at the conclusion of this 43<sup>rd</sup> AGM.

**7. ORDINARY RESOLUTION 5**

**- PAYMENT OF DIRECTORS' REMUNERATION UP TO AN AMOUNT OF RM2,014,866.00 FROM THE 30 JUNE 2020 (43<sup>RD</sup> AGM) UNTIL THE NEXT AGM OF THE COMPANY**

The meeting proceeded to Ordinary Resolution 5, to consider the recommended payment of Directors' Remuneration to the Directors up to an amount of RM2,014,866.00 until the next AGM of the Company. Section 230(1) of CA 2016, which provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

Dato' Chairman elaborated that the payment was in respect of the directors' fees and benefits payable to the Non-Executive Directors' of the Company and its subsidiaries for the period of about 12 months from 30 June 2020 until the next AGM of the Company. Dato' Chairman referred to Explanatory Note 5 on page 286 of the Annual Report 2019 for more details on the Ordinary Resolution 5.

Since voting will be conducted on a poll at the end of the meeting after the Q&A session, Dato' Chairman proceeded with the next item on the Agenda.

**8. ORDINARY RESOLUTION 6**

**- PROPOSED RE-APPOINTMENT OF AUDITORS – BDO PLT**

Dato' Chairman proceeded to Ordinary Resolution 6 and the meeting was requested to consider the re-appointment of the retiring Auditors, Messrs BDO PLT who have indicated



their willingness to continue office as Auditors of the Company for the next financial year, and to authorise the Directors to fix the Auditors' remuneration.

Dato' Chairman informed the meeting that the Board recommended for approval of the re-appointment of Messrs BDO as the External Auditors of KPS for 2020 based on the Board Audit Committee's recommendation.

Since voting will be conducted on a poll at the end of the meeting after the Q&A session, Dato' Chairman proceeded with the next item on the Agenda.

**9. ORDINARY RESOLUTION 7**

**- PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF A REVENUE OR TRADING NATURE**

The meeting proceeded to Ordinary Resolution 7 which was to obtain the Members' approval for the Proposed Renewal of Shareholders' Mandate for RRPT of a Revenue or Trading nature. The full text of this Ordinary Resolution 7 is set out in the Notice of Meeting.

Since there was no objection, Dato' Chairman declared that the full text of the Ordinary Resolution 7 be taken as read.

Dato' Chairman highlighted that before putting the propose Ordinary Resolution 7 to vote, those who were deemed interested in the proposal including himself as detailed in the said Circular, were reminded to abstain from voting on the same. However, he voted in his capacity as proxy in accordance with instructions received from non-interested shareholders who have appointed the Chairman of the meeting, as their proxy.

Besides that, Dato' Chairman informed the meeting that the Ordinary Resolution 7, if passed, will authorize the Directors of the Company to complete and do all such acts, deeds and things to give effect to the aforesaid shareholders' mandate and transactions contemplated under this resolution.

Since voting will be conducted on a poll at the end of the meeting after the Q&A session, Dato' Chairman proceeded with the next item on the Agenda.

**10. ANY OTHER BUSINESS**

Upon confirmation by the Company Secretary, Dato' Chairman informed the meeting that the Company has not received notice to transact any other business of which due notice shall have been given in accordance with the Company's Constitution and the CA 2016.

**11. QUESTIONS AND ANSWER SESSION**

Dato' Chairman informed the meeting that there were approximately more than 60 questions received during pre-AGM and via the query box and 30 minutes would be allocated for the Q&A session.

Premised on the above, the MD/GCEO informed that Management would answer approximately 11 questions during the meeting and the responses to the remaining

questions will be e-mailed to the respective shareholders by the Company at the earliest possible, after the meeting and posted on the Company's website.

The following questions were raised, and the related answers were as follows:

**1. *Why was there no dividend declared for FY2019 when the Company was making profit?***

Dato' Chairman replied that taking a far-sighted view towards financial prudent and sustainability as well as taking into consideration the unprecedented circumstances arising from the COVID-19 pandemic, the Board has resolved to preserve liquidity, hence safeguarding the Group's operation and prospect.

**2. *What is the dividend outlook beyond 2019?***

To this, Dato' Chairman explained that the full extent of the impact of COVID-19 pandemic on our business will be clearer by the end of the second quarter or by early third quarter, after which we will have a better indication on the state of our balance sheet and cash flows, the two areas of financial health that have bearing on the future dividend outlook.

**3. *Why didn't we receive any gift this year? How much does it cost to conduct the virtual AGM?***

In response to this, the MD/GCEO informed the shareholders as the AGM is conducted virtually via broadcast, it is not feasible to have a similar arrangement for door gifts this year. The Company shall take this into consideration when outlining the administrative details for the next AGM.

As for the cost to conduct virtual AGM, the MD/GCEO informed that the total cost to conduct the virtual AGM was significantly lower than that of the physical AGM.

**4. *Why did KPS share price keep retracing? Will it ever rebound to the previous levels prior to SPLASH disposal?***

The MD/GCEO explained that there were two aspects to the question where he wishes to address: structural change in KPS' earnings profile and overall investors' sentiment, both of which play significant roles in determining share price performance.

Firstly, structural change in KPS' earnings profile. SPLASH used to contribute about RM100 million to the Group's earnings. KPS' historical share price which used to hover between RM1.50 and RM2.00 level was basically reflecting the historical Profit Attributable to the Owners of the Parent level of about RM100 million, equivalent to an Earnings per Share ("EPS") of about 20 sen.

The disposal of SPLASH in August 2018 which was a result of the rationalisation of water assets initiated by the State had created a vacuum in KPS earnings. As reported, for the financial year ended 31 December 2019, KPS registered a Profit Attributable to the Owners of the Parent of approximately RM26 million,

which was equivalent to an EPS of 5 sen, a fourth of that it reported previously. Reflecting the structural change in the earnings profile which normalised from RM100 million to RM26 million, fundamentally, the historical price of RM1.50 is not sustainable. Because the equity market is efficient in pricing in the new earnings profile and in discounting KPS future earnings, the share price retraced by 41.2% at the end of 2019 to RM0.70 from RM1.19 at the beginning of the year.

Historically pegged at between 10x and 12x EPS to reflect perceived fair valuation relative to its peers in the same industry, KPS shares are currently trading at RM0.52.

Secondly, cautious overall investors' sentiment. The performance was also affected by the overall risk aversion to investing in small capitalised stocks due to marred sentiment amidst rising uncertainty in the global and domestic economies, which in turn shifted the investment priority and preference amongst fund managers to large capitalised stocks which generally command better liquidity. Due to this, interest in stocks with small market capitalisation such as KPS weakened, giving further downward pressure to the share price performance.

Management have been working tirelessly, linking many business capabilities to complement each other, optimising resources, and providing synergy within the Group. The Company had performed well since it launched the Business Transformation Plan ("BTP") in 2016. BTP is a strategic focus within the Group in creating the building blocks for future earnings aimed at narrowing the earnings gap from the disposal of SPLASH. And the Company had accomplished more in 2019, delivering stronger results in terms of profitability, operational efficiency, and liquidity.

Further to the BTP that provides for better business fundamentals and earnings visibility, Management have devised a multi-pronged business plan to improve the Company's long-term profitability. The five-year business plan, acronymically known as LEAP25 (business plans for 2020 – 2024) is aimed at strengthening KPS' position as a stronger investment holding company with a few strategic ambitions. Details on LEAP are further provided and explained in the Management Discussion & Analysis section from page 31 through page 71 of the 2019 Annual Report.

Given the success of its business transformation plan in recent years, KPS is positive of the prospect of the Group within the next 5 years. With the expected improvement in profitability, the valuation of KPS shares is expected to re-rate higher, assuming the same earnings multiple attached to KPS shares at its peers going forward. With the anticipated re-rating, KPS will be able to cement the interest further by the analysts to initiate coverage on KPS and by the fund managers to initiate holdings in KPS shares.

Given the structural change in earnings profile mentioned above, it is expected for the analysts and fund managers to be convinced of KPS' earnings visibility and sustainability before committing to covering and investing in KPS. KPS Investor Relations team has been and shall continue to engage with the



investment community to increase KPS investor profile and subsequently improve the Group's investment appeal and marketability.

**5. *Despite the size of the assets and business, the company is small with less than RM300 million market capitalisation?***

To this, the MD/GCEO explained that in theory, under a mature condition where the earnings of a company are on a steady and sustainable state of growth, net tangible asset per share ("NTA") could be a base to determine if the company is undervalued or overvalued. However, if the company is on a turnaround or growth cycle, its NTA would experience fluctuations due to the vagaries in the earnings profile. In this case, the NTA would not indicate the "reasonable value" of the company. Thus, it would be misleading to use a valuation that is benchmarked against solely on the NTA.

Management still need to look into the Company's other historical financial performance, such as the growth trends of the revenue, operating profits, and profits of the owners of the parent. Information on financial performance is widely accepted by investors as a stronger determinant of the future performance of the share price of the company. As highlighted in the previous question, KPS that is currently still in a growth cycle, is trading at RM0.52, reflecting the historical EPS of 5 sen and pegged at about 10x PE multiple.

Based on the last financial reporting, our NTA was about RM630 million or RM1.17 per share. The respective market capitalisation was approximately RM280 million, or a share price of RM0.52. Management noted on the gap between these two values.

Notwithstanding COVID-19 pandemic and its impact to the Group's business, we are positive of the prospect of the Group within the next 5 years. With the expected improvement in profitability, the valuation of KPS shares is expected to re-rate higher, assuming the same earnings multiple attached to KPS shares at its peers going forward. With the anticipated re-rating in valuation which will be supported by the expected expansion in earnings post 2020, the market capitalisation is also expected to grow in tandem, hence narrowing the gap between KPS' NTA and the market capitalisation.

**6. *What has been the impact of COVID-19 to KPS's subsidiaries in general? What is the strategy going forward?***

In response to the above, the MD/GCEO explained that Q1 2020 started off with challenges for businesses globally, as the year was greeted with the global pandemic COVID-19. The Group's subsidiaries, save its trading business, were not spared from the impact of the pandemic. Currently, KPS' has planned for a range of business scenarios and have taken several risk mitigations.

Given the above situation, KPS' subsidiaries' have come-up with the necessary plan to face the challenges such as working closely with the supplier to ensure that KPS gets continuous supply at the same price and actively engaging with the customers to find ways on how to improve on the manufacturing of the product so that it continues to be relevant to the current needs of the consumers

due to changes in the consumers behavioural pattern consequential to COVID-19 pandemic. Basically, during this challenging period, it is important for the subsidiaries not to take advantage on others but to further strengthen the relationship between the companies, suppliers, and consumers.

On overall basis, the pandemic has resulted in disruption in the global supply chain as well as in weaker demand, which are expected to have material impact to the Group's profitability in 2020.

**7. *What is your plan to catapult KPS' performance in the future?***

On 17th January 2020, we mapped out the key elements of our five-year strategic plan to determine the Group's firm position in the marketplace. The implementation of this strategy, acronymically known as LEAP25, is to strengthen KPS' position as a stronger investment holding company.



Tasks ahead will require levels of responses and depth of resilience, focusing first on the aspects of operations that we can control in protecting the Group's business amidst the challenging operating environment, be it locally or globally.

Whilst maintaining our operational strength and financial capacity, we shall ensure KPS' business continuity and remain diligent in executing our business plans, keeping the continuance of value creation across all our subsidiary companies.

**8. *Would KPS consider share buy-back?***

KPS is still growing its business, creating values from its subsidiary business. As we are still in a growth cycle, there are many business opportunities that we would like to explore or prioritize, such as pursuing capacity expansion and committing to certain marketing expenditure to increase sales.

Hence, returning surplus funds may not be the option that the Group is currently inclined to do. Furthermore, as the business is still growing, it is imperative that we first ascertain the sustainability of the Group's cash flow and profitability before committing to having a share buyback policy.

**9. *Are we expecting new acquisitions or disposal of subsidiaries in 2020?***

Likely, there will not be any major acquisitions this year. However, Management will consider acquisition if it makes sense and gives KPS the value or returns that meets KPS expectation.

Disposals of subsidiaries will be considered if the offered prices are attractive. Management have plans for the non-core assets. However, COVID-19 has already dampened business sentiment, resulting in us probably taking a longer time to materialise those plans.

**10. *Shareholders expect KPS to hold roadshows to attract fund managers to invest in the company especially EPF, PNB, Khazanah or even foreign entities. Why are other companies able to attract funds from these entities and not KPS?***

As highlighted in the Investor Relations Section on pages 21 through 27 of the 2019 Annual Report, the investment community that comprises analysts and fund managers was kept updated of the Group's business direction and prospect.

In 2019, Management held about 80 engagements with the analysts and fund managers, amongst whom were representatives from Government-Linked Investment Companies ("GLIC") such as EPF, KWAP and PNB, as well as from local research and asset management companies, as well as foreign research houses and fund management companies such as Credit Suisse and DBS Vickers. In addition to these engagements, we had also participated in investment roadshows with CIMB Research and Alliance Investment, which were participated by both local and foreign fund managers.

Moderating economic growth in 2019 had emerged downside risks to corporate earnings, resulting in aversion to investing in small-cap stocks under which KPS shares are categorised. During this cautious regime, most GLICs and fund managers prioritised their investments into stocks with larger market capitalisation which normally have higher liquidity.

**11. *Is Smartpipe making any headway?***

Smartpipe is currently prospecting three projects in Kedah, Selangor, and Sarawak. Moving forward, Smartpipe will continue its engagement with existing and new agencies and state water authorities to market and promote Compact Pipe® solutions for both the water and sewerage segments.

**12. VOTING ON THE RESOLUTIONS AND DECLARATION OF POLL RESULTS**

Dato' Chairman reiterated that polling at this AGM will be conducted using remote electronic voting. Dato' Chairman adjourned the meeting at 10.55 a.m. until the casting and verification of the votes were completed.

The meeting resumed at 11.10 a.m. and Dato' Chairman called the meeting to order.

The Share Registrar handed over summary of the Poll Results to Dato' Chairman for declaration as follows:

Ordinary Resolution	FOR		AGAINST		TOTAL	
	NO. OF		NO. OF		NO. OF	
	SHARES	%	SHARES	%	SHARES	%
Resolution 1: To re-elect YBhg Dato' Noorazman bin Abd Aziz who retires pursuant to Clause 78 of the Company's Constitution and who being eligible offer himself for re-election.	357,710,450	99.990	34,825	0.010	357,745,275	100
Resolution 2: To re-elect YB Dato' Nor Azmie bin Diron who retires pursuant to Clause 78 of the Company's Constitution and who being eligible offer himself for re-election.	357,710,344	99.990	34,931	0.010	357,745,275	100
Resolution 3: To re-elect Encik Soffan Affendi bin Aminudin who retires pursuant to Clause 78 of the Company's Constitution and who being eligible offer himself for re-election.	357,710,344	99.990	34,931	0.010	357,745,275	100
Resolution 4: To re-elect YBhg Dato' Ikmal Hijaz bin Hashim who retires by rotation pursuant to Clause 76(3) of the Company's Constitution and who being eligible offer himself for re-election.	357,710,344	99.990	34,931	0.010	357,745,275	100
Resolution 5: To approve the payment of Directors' remuneration to the Directors up to an amount of RM2,014,866.00 from the 30 June 2020 43 <sup>rd</sup> AGM until the next AGM of the Company.	357,652,989	99.974	92,286	0.026	357,745,275	100
Resolution 6: To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	357,716,103	99.995	19,172	0.005	357,745,275	100
Resolution 7: Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature.	2,880,091	98.940	30,862	1.060	2,910,953	100

**Ordinary Resolution 1:**

- To re-elect YBhg Dato' Noorazman bin Abd Aziz who retires pursuant to Clause 78 of the Company's Constitution and who being eligible offers himself for re-election.

Based on the votes casted, Dato' Chairman declared that by majority votes of 99.990%, the following motion be and hereby duly carried:

*"THAT YBhg Dato' Noorazman bin Abd Aziz who retires pursuant to Clause 78 of the Company's Constitution, be re-elected as Director of the Company."*

**Ordinary Resolution 2:**

- To re-elect YB Dato' Nor Azmie bin Diron who retires pursuant to Clause 78 of the Company's Constitution and who being eligible offers himself for re-election.

Based on the votes casted, Dato' Chairman declared that by majority votes of 99.990%, the following motion be and hereby duly carried:

*"THAT YB Dato' Nor Azmie bin Diron who retires pursuant to Clause 78 of the Company's Constitution, be re-elected as Director of the Company."*

**Ordinary Resolution 3:**

- To re-elect Encik Soffan Affendi bin Aminudin who retires pursuant to Clause 78 of the Company's Constitution and who being eligible offers himself for re-election.

- Based on the votes casted, Dato' Chairman declared that by majority votes of 99.990%, the following motion be and hereby duly carried:

*"THAT Encik Soffan Affendi bin Aminudin who retires pursuant to Clause 78 of the Company's Constitution, be re-elected as Director of the Company."*

**Ordinary Resolution 4:**

- To re-elect YBhg Dato' Ikmal Hijaz bin Hashim who retires pursuant to Clause 76(3) of the Company's Constitution and who being eligible offers himself for re-election.

Based on the votes casted, YBhg Dato' Chairman declared that by majority votes of 99.990%, the following motion be and hereby duly carried:

*"THAT YBhg Dato' Ikmal Hijaz bin Hashim who retires pursuant to Clause 76(3) of the Company's Constitution, be re-elected as Director of the Company."*

**Ordinary Resolution 5:**

- To approve the payment of Directors' remuneration to the Directors up to an amount of RM2,014,866.00 from 30 June 2020 (43<sup>rd</sup> AGM) until the next AGM of the Company.

- Based on the votes casted, Dato' Chairman declared that by majority votes of 99.974%, the following motion be and hereby duly carried:



*“THAT the payment of Directors’ Remuneration to the Directors up to an amount of RM2,014,866.00 from 30 June 2020 (43<sup>rd</sup> AGM) until the next AGM of the Company be hereby approved”.*

**Ordinary Resolution 6:**

- To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

Based on the votes casted, Dato’ Chairman declared that by majority votes of 99.995%, the following motion be and hereby duly carried:

*“THAT Messrs. BDO PLT be re-appointed as the Company’s Auditors for the ensuing year AND THAT the Directors be authorised to fix their remuneration.”*

**Ordinary Resolution 7:**

- Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions (“RRPT”) of a Revenue or Trading Nature

Based on the votes casted, Dato’ Chairman declared that by majority votes of 98.940%, the following motion be and hereby duly carried:

*“THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), the Company and its subsidiaries (“the Group”) be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.3 of the Circular to Shareholders dated 24 April 2019 (“Related Parties”) provided that such transactions and/or arrangements are:*

- a) *necessary for the day-to-day operations;*
- b) *are undertaken in the ordinary course of business at arm’s length basis and are on normal commercial terms and transaction prices which are not more favourable to the Related Parties than those generally available to the public; and*
- c) *are not detrimental to the minority shareholders of the Company, (collectively known as “Shareholders’ Mandate”);*

*AND THAT such approval, shall continue to be in force until:*

- a) *the conclusion of the next AGM of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at such AGM; or*
- b) *the expiration of the period within which the next AGM of the Company after that date is required to be held under Section 340(2) of the Companies Act, 2016 (“CA 2016”) (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the CA 2016); or*
- c) *revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,*

*whichever is earlier;*

*AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts, deeds and things to give effect to the aforesaid Shareholders’ Mandate and transactions contemplated under this resolution.”*

**13. APPRECIATION NOTE FOR RETIRING DIRECTOR**

On behalf of the Board, Dato' Chairman placed on record the Board's utmost appreciation to Puan Rita Benoy Bushon who will be retiring as Director of the Company at the conclusion of the 43<sup>rd</sup> AGM.

It has been a great honour and privilege to have been working with her and her valuable contribution to the Board and to the Company. On behalf of the Board and the Company, we wish her well and every success in her next endeavour.

**14. CLOSURE**

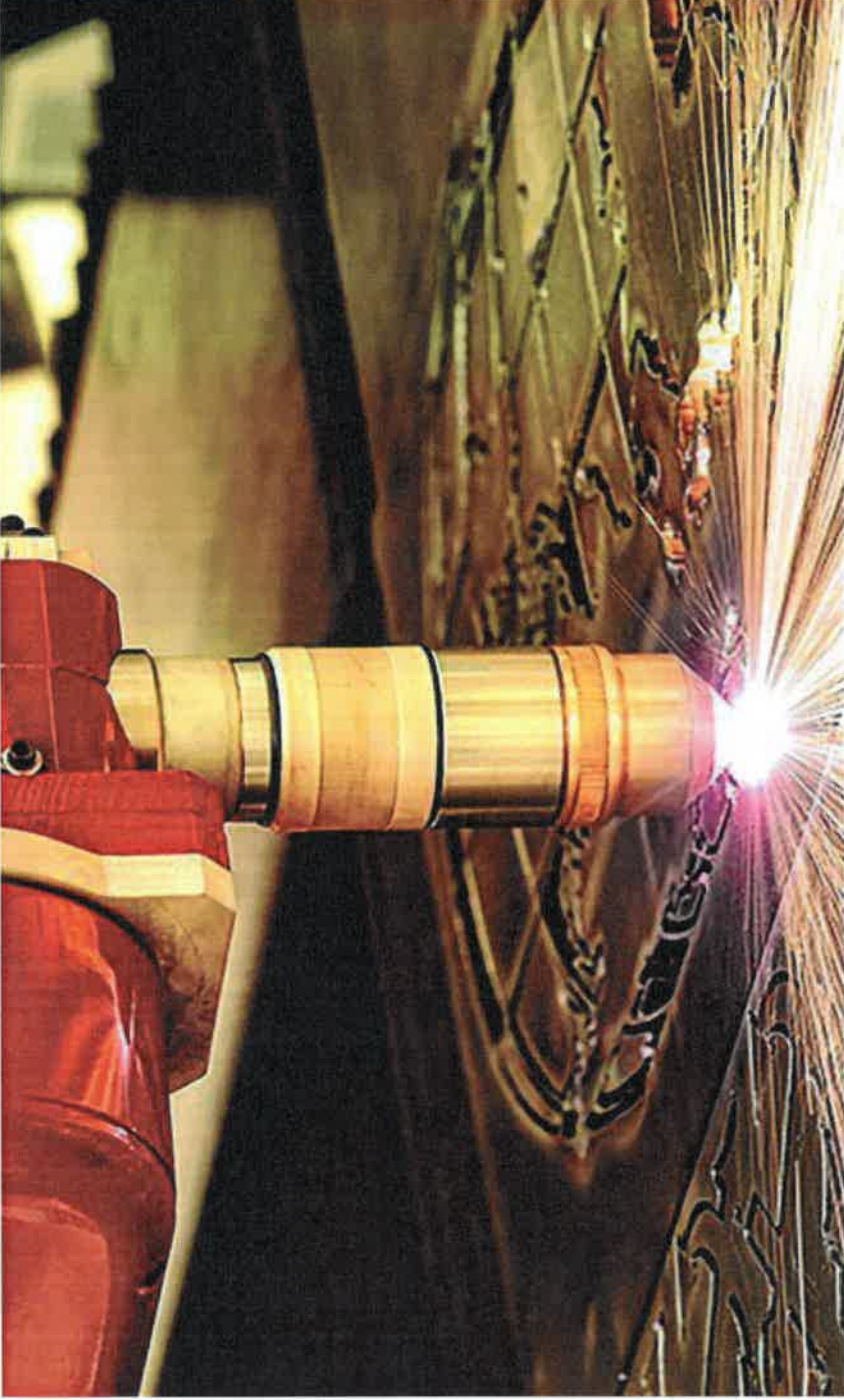
Dato' Chairman thanked everyone present at the AGM and declared the 43<sup>rd</sup> AGM of KPS as concluded at 11.30 a.m.

**CONFIRMED AS A CORRECT RECORD**



.....  
**CHAIRMAN**

Dated: 27 07 20



**43<sup>RD</sup> AGM**

**BUSINESS REVIEW &  
PROSPECTS**

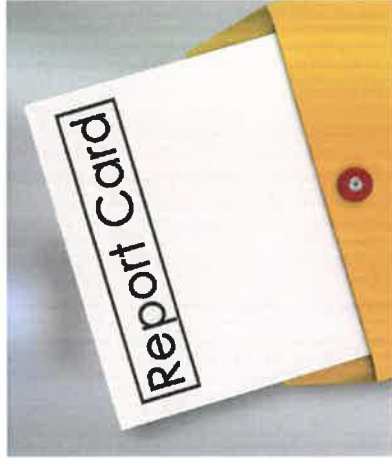


Tuesday, 30 June 2020



Ahmad Fariz Hassan  
Managing Director / Group CEO





01

## 2019 Report Card

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# What We Had Promised at the 42<sup>nd</sup> AGM

Value Creation through Organic Growth, New Acquisitions & Better Earnings Visibility in 2019







02

## Financial Highlights



# 01. Rather Challenging Operating Environment

But Benefitted from Trade Diversion



Moderating Growth

US-China Trade Tension

Trade Diversion

## How It Impacted or Benefitted KPS

- Buffered by Geographical and Sector Diversification

- Slower Inventory Movement

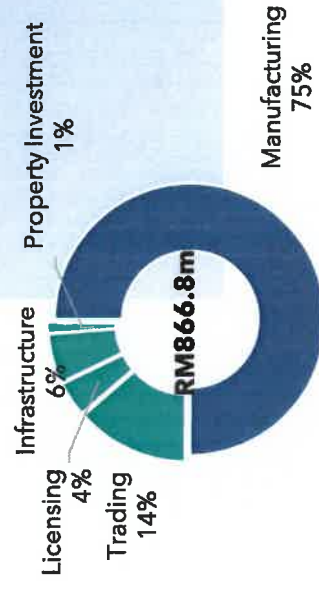
- New Demand from the E&E and Consumer Products Sectors

### 03. Manufacturing Contributed 79% to Group Revenue in 1Q20

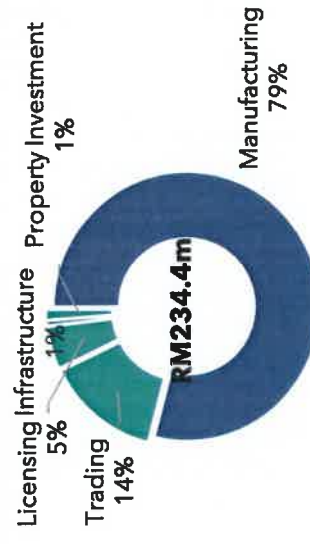
All Other Divisions but Infrastructure Steadied Momentum

SECTOR	2018 (RM m)	2019 (RM m)	1Q19 (RM m)	1Q20 (RM m)
Manufacturing	357.5	▲ 650.9	105.6	▲ 185.1
Trading	111.1	▲ 117.4	25.9	▲ 32.7
Licensing	30.3	▲ 36.3	11.2	▲ 12.1
Infrastructure	73.1	▼ 51.4	11.5	▼ 1.8
Property Inv.	10.3	▲ 10.8	3.2	▼ 2.7
<b>TOTAL</b>	<b>582.3</b>	<b>▲ 866.8</b>	<b>157.5</b>	<b>▲ 234.4</b>

#### 2019 Revenue Breakdown by Sector



#### 1Q20 Revenue Breakdown by Sector



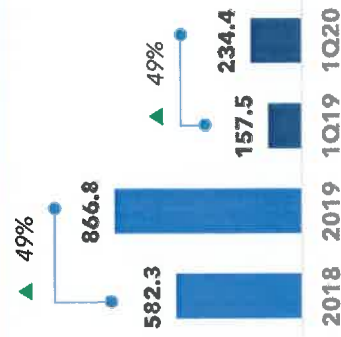
## 04. Better Earnings Visibility

Profit Attributable to the Owner of the Parent Continued to Improve

### Revenue

#### FY 2019

- Increased manufacturing contribution to 75% in 2019 from 61% in 2018
- Better performance from all subsidiaries but lagging performance from Infrastructure



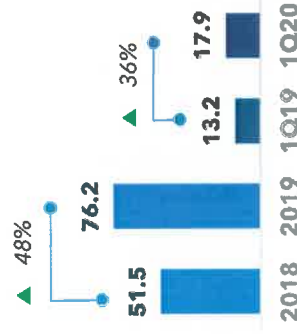
#### 1Q 2020

- Increased manufacturing contribution to 79% from 67% YoY.

### Operating Profit

#### FY 2019

- Full 12-months' results from CPI & KKMW (2018 : CPI, 9 months & KKMW, 6 months)
- Toyoplas' maiden 5-month contribution



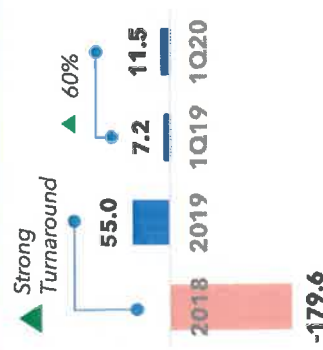
#### 1Q 2020

- Higher contribution from CBB and KKMW, but lower contribution from CPI.

### PBT

#### FY 2019

- Higher contribution from manufacturing
- Turn around in share of profit from associate vs share of loss from associate in 2018, arising specifically from SPLASH disposal



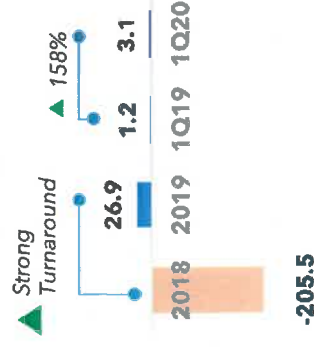
#### 1Q 2020

- Manufacturing led earnings with contribution from CPI, CBB, Toyoplas and KKMW.

### Profit Attributable to the Owner of the Parent

#### FY 2019

- Resounding turnaround on better earnings visibility, benchmarking new and stronger fundamentals



#### 1Q 2020

- Almost three-fold growth YoY with broader earnings base

# 03

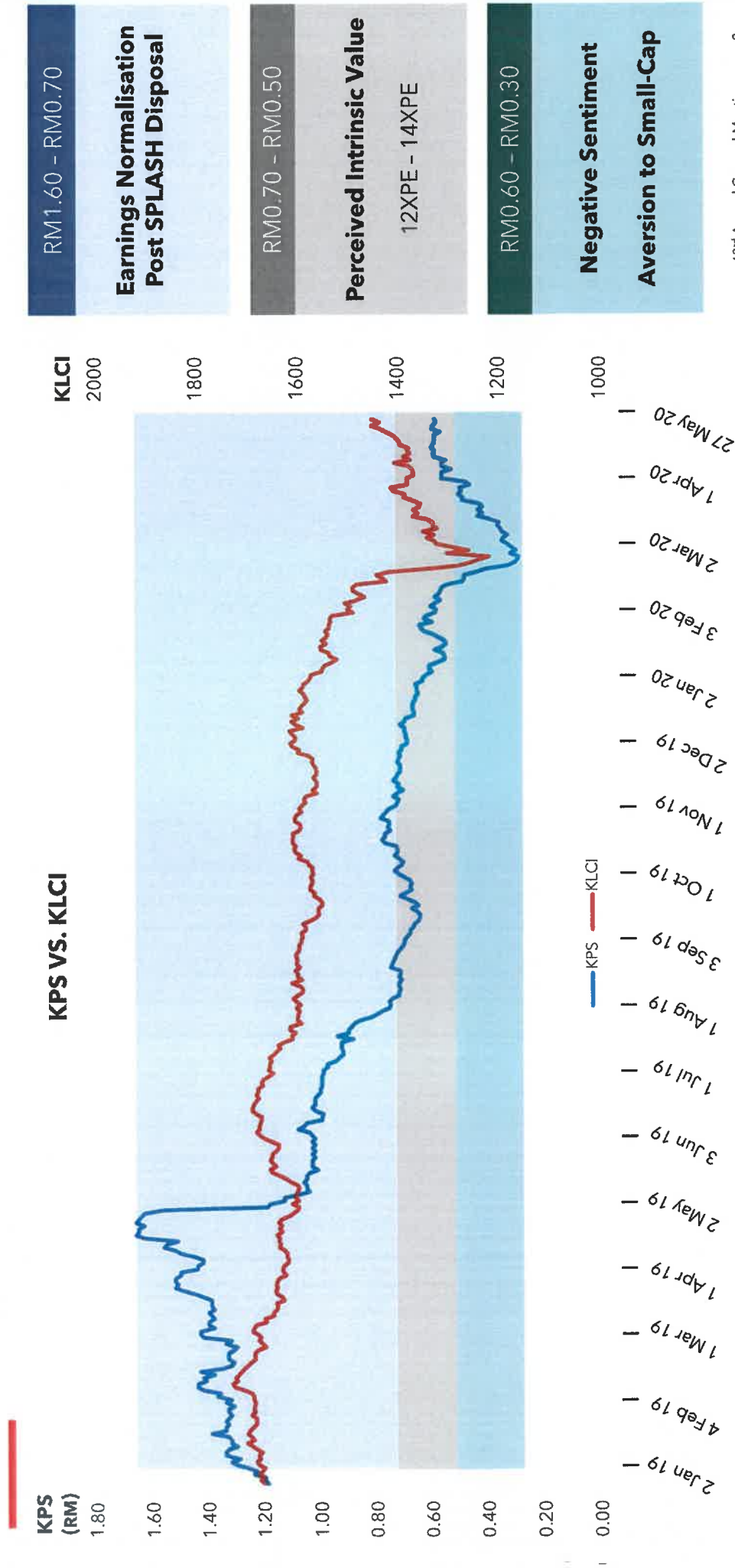
## Share Price Performance





# Share Price Performance Reflected Earnings Normalisation & Sentiment

Has Rebounded Since March 2020





04

## Sustainability



# 01. Commitment to Sustainability & CSR

Continuously Engaging the Communities, Promoting Inclusive Growth



Economic

## Why We Did It

- Economic Value Creation & Distribution



Environment

- Energy and Resource Consumption & Waste Management



Social

- KPS' Relationships with Stakeholders

## 02. Awards & Recognition

Another Testament for the Group's Excellent Role of Change Agent

Organised by  
CSR Malaysia  
Publications

CSR Malaysia 2019  
Company of the Year  
11 July 2019

KPS' spent RM4 mil  
on CSR in 2019

KPS' Fifth  
CSR Award  
since 2013

Silver Award:  
Employer of Choice  
(Private Sector) 2018

Silver Award:  
Employer of Choice  
(Private Sector) 2017

Asia Responsible  
Entrepreneurship  
Award 2015 (Asia)

Second Runner-up  
2015 Risk Manager  
of The Year  
(MARIM)

Asia Responsible  
Entrepreneurship  
Award 2013 (SEA)

2017 Jury Award  
Selangor Sports  
Council (MSNS)

Champion 2016 Risk  
Manager of The Year  
(MARIM)

Asia Responsible  
Enterprise Award  
2018

HR Asia Best  
Companies To Work  
For In Asia 2018

The 2019 CSR Malaysia Award Honours  
KPS Who Has Excelled in the Role of Change Agent  
in the Socio-economic Transformation in Malaysia



05

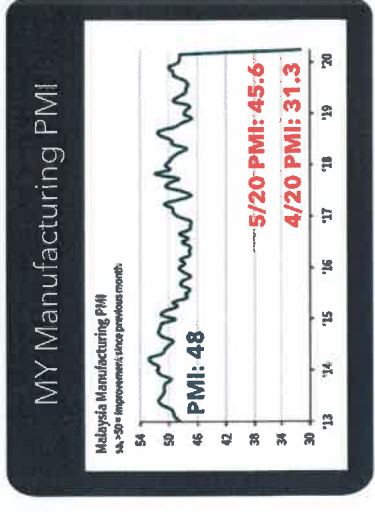
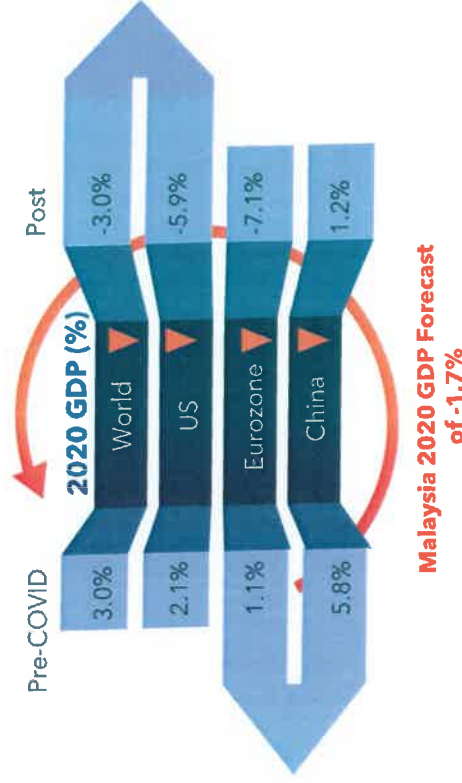
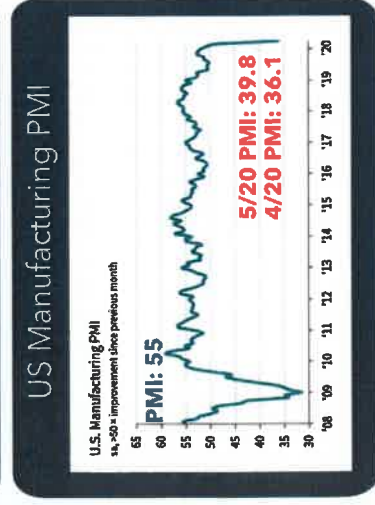
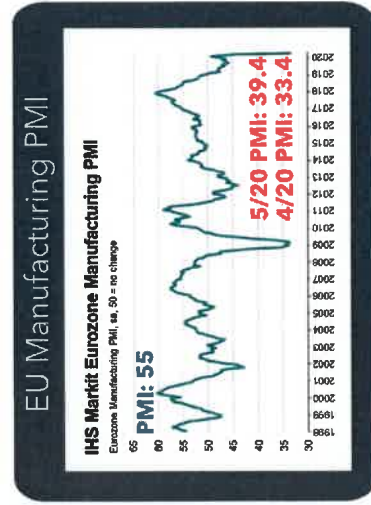
## Outlook Amid COVID-19

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# 01. Global Supply Chain & Demand Disrupted

Expected to Impact KPS' End Customers Globally



4Q19 GDP: 3.6%    1Q20 GDP: 0.7%

Sources: Organisation for Economic Co-operation & Development (OECD) & IHS Markit, IMF

## 02. Impact to the Group Business

2020 Corporate Goals Expected to be Challenged

### POTENTIAL IMPACT ON GROUP



#### Lower Income to the Group

Reduced demand for goods and services due to restrictions on mobility



#### Disruption of Global Supply Chain & Demand

Affected Toyoplas, CPI, CBB, KKMW & KKLC



#### Challenged Earnings Visibility

As a result of weakened business confidence and sentiment globally

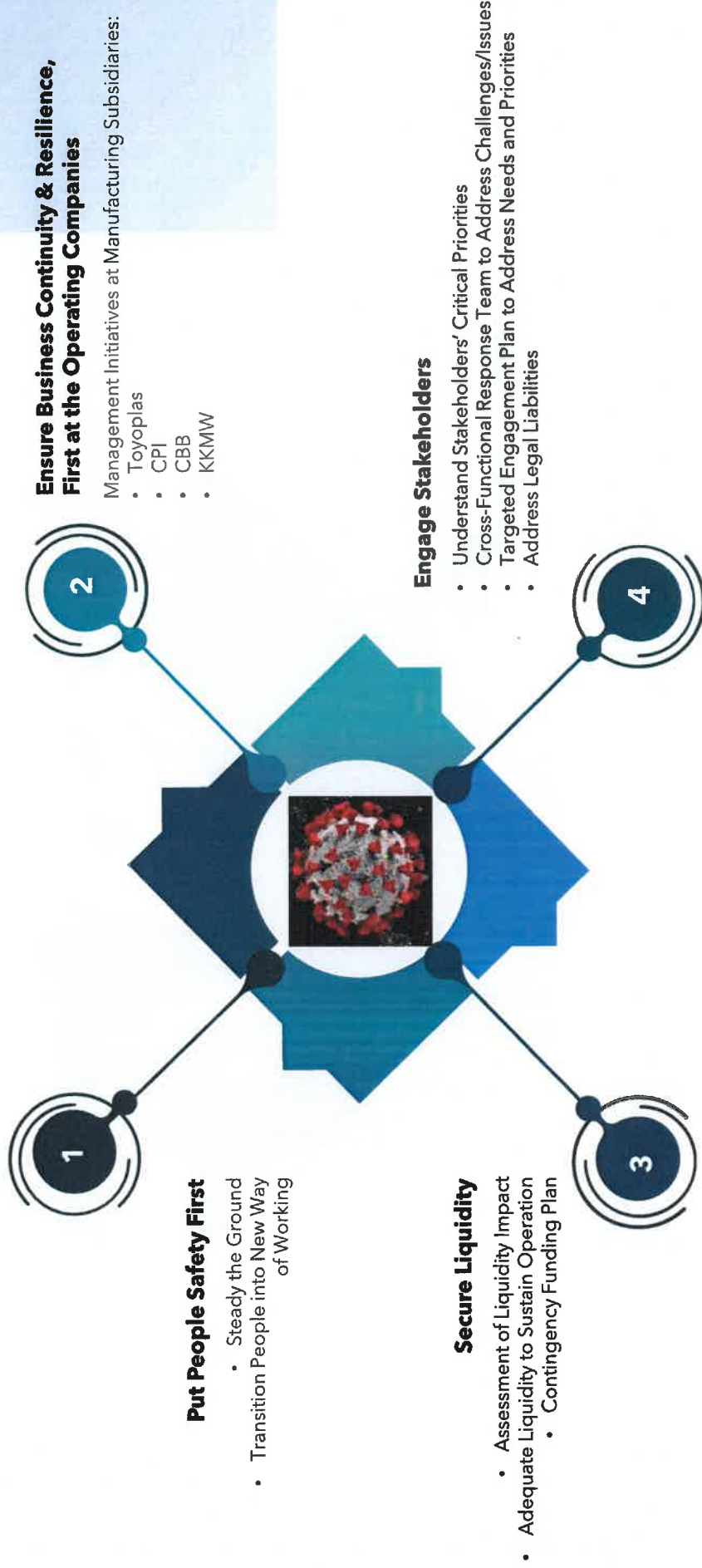


#### Delay in Enhancement of Capital Structure

Priority set at safeguarding liquidity

## 03. Our Risk Mitigation Plan

### Priority Areas to Weather Impact



## 04. Ensuring Business Continuity

### Building Resilience in Manufacturing Operations



Toyoplas

#### Building Resilience

- Managing Supply Chain
- Consolidation of Production Base



CPI

- Managing Supply Chain
- Deferred Construction of New EMS Building to 2021



CBB

- Extract More Sales from Existing Customers to Mitigate Impact.
- New Sales Channel



KKMW

- Redeployment of Sales Team - to concentrate on key markets.
- Digital Marketing



06

## The Show Must Go On



# Driving Business Catalysts

2020 CAPEX Prioritised at RM40 million to Continue Supporting Value Creation

MANUFACTURING			OTHERS		
 <p><b>TOYOPLAS</b></p> <ul style="list-style-type: none"> <li>Secure new projects from existing customers.</li> <li>Explore new industries.</li> <li>Establish footprint in Vietnam.</li> </ul>	 <p><b>CPI</b></p> <ul style="list-style-type: none"> <li>Explore new sub-industries and product tiering.</li> <li>Source new business or projects from existing and new customers.</li> </ul>	 <p><b>CENTURY BOND</b></p> <ul style="list-style-type: none"> <li>Diversify the carton box business in the northern region.</li> <li>Capture growth via new products and customers.</li> <li>Tap of e-commerce</li> </ul>	 <p><b>KING KOIL</b></p> <ul style="list-style-type: none"> <li>Strengthen distribution network beyond west coast.</li> <li>Develop marketing plan to accelerate direct-to-customer e-commerce strategy.</li> </ul>	 <p><b>AQUA-FLO</b></p> <ul style="list-style-type: none"> <li>Improve market share in potable water chemicals</li> <li>Boost sales of water meters</li> </ul>	 <p><b>SMARTPIPE</b></p> <ul style="list-style-type: none"> <li>Engage stakeholders for strategic partnership.</li> <li>Expand into the sewerage segment.</li> </ul>

**Thank You**