

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

MINUTES OF THE EXTRAORDINARY GENERAL MEETING

Minutes of the Extraordinary General Meeting (“EGM”) of Kumpulan Perangsang Selangor Berhad (“KPS or the Company”) held virtually from the KPS Corporate Office, 17th Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan and via the TIIH online website at <https://tiih.online> on Tuesday, 25 May 2021 at 12.10 p.m.

- Present live streaming via TIIH Online website at <https://tiih.online> with Remote Participation and Voting (“RPV”) facilities : **Members**
As per Attendance List in **Appendix 1**.
- Present at KPS Corporate Office : **Board of Directors (“Board”)**
- Present via Zoom platform
- 1) Dato’ Nor Azmie bin Diron (Chairman)
 - 2) Encik Ahmad Fariz bin Hassan, Managing Director/ Group Chief Executive Officer (“MD/GCEO”)
 - 3) Encik Soffan Affendi bin Aminudin
 - 4) YBhg Dato’ Idris bin Md Tahir
 - 5) YBhg Dato’ Ikmal Hijaz bin Hashim
 - 6) Puan Norliza binti Kamaruddin
 - 7) YBhg Dato’ Noorazman bin Abd Aziz
- Present at KPS Corporate Office : **Management**
- 1) Puan Suzila binti Khairuddin
Deputy Chief Executive Officer, Finance and Corporate Services (“DCEOFCS”)
 - 2) Encik Azlan bin Abd Jalil
Deputy Chief Executive Officer, Strategy & Investments (“DCEOSI”)
- Present by invitation via Zoom platform : 1) Ms Chen Poh Ping, Representative from RHB Investment Bank Berhad (Principal Adviser)
- 2) Datin Seet Hooi Ping, Representative from Messrs Albar & Partners
- In attendance : Puan Hashimah binti Mohd Isa (Company Secretary)
Puan Selfia binti Muhammad Effendi (Company Secretary)

1. CHAIRMAN

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

2. NOTICE OF MEETING

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

3. 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 EGM of KPS.

Thereafter, upon confirmation by the Secretary on the presence of the requisite quorum, Dato’ Chairman called the meeting to order at 12.15 p.m.

4. PROPOSED VARIATION TO THE SHARE SALE AGREEMENT DATED 17 MAY 2019 FOR THE DEFERMENT OF THE SECOND YEAR PROFIT GUARANTEE (AS DEFINED BELOW) IN RESPECT OF THE ACQUISITION OF 100.0% EQUITY INTEREST IN TOYOPLAS MANUFACTURING (MALAYSIA) SDN. BHD. (“TMM”) BY PERANGSANG DINAMIK SDN. BHD. (“PDSB”), A WHOLLY OWNED SUBSIDIARY OF KPS (“PROPOSED VARIATION”)





Dato’ Chairman proceeded with the agenda of the meeting in relation to the above Proposed Variation.

Without further ado, Dato’ Chairman called upon Ms Chen Poh Ping (“Ms Chen”), Principal Adviser from RHB Investment Bank Berhad (“RHB IB”), who joined the meeting virtually, to advise the shareholders in respect of the Proposed Variation.

Ms Chen briefed the following salient points of the presentation to the shareholders and were duly noted:




- i) The objective of the proposal was to seek the shareholders’ approval for the proposed variation in respect of the deferment of the second-year profit guarantee of RM42.330 million (“Second Year PG”) from the financial year ended 31 December (“FYE”) 2020 to FYE 2021 for the acquisition of the entire equity interest in TMM.

- ii) Rationale and justification of the Proposed Variation are as follows:

Rationale & Justification		Provides a fair opportunity for the TMM group to achieve the Second Year PG under alleviated business conditions in FYE 2021 as it had faced disruptions in its business operations due to the COVID-19 pandemic which impaired its financial performance in FYE 2020
		Build on existing business relationship with the guarantors who have shown effective oversight over the business development and operations of the TMM group
		Compensated through its entitlement to all profits accrued on the retention sum of RM80.925 million (“Retention Sum”) for a period of 12 months preceding the release of the Retention Sum (“Purchaser Profits”) and TMM group will be reimbursed for all costs incurred for the Proposed Variation
		The Board believes it is realistic for the TMM group to achieve the Second Year PG in FYE 2021 in view of the favourable global economic recovery in 2021 and that the TMM group’s operations have fully resumed

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iii) Details of the Proposed Variation are as follows:

Salient Terms	Pursuant to the share sale agreement dated 17 May 2019		Pursuant to the Variation Agreement	
	For FYE	Profit guarantee amount	For FYE	Profit guarantee amount
 Profit Guarantee	2019	RM38.595 mil	2019	RM38.595 mil
	2020	RM42.330 mil	2021	RM42.330 mil
			The Purchaser's right of recourse shall remain the same as per the SSA if the Second Year Profit Guarantee is not met.	
 Profits on Retention Sum and reimbursement	The vendor is entitled to all profits accrued on the Retention Sum		<ul style="list-style-type: none"> ➤ PDSB is entitled to all profits accrued on the Retention Sum for the period of 12 months immediately preceding the release of the Retention Sum ➤ The vendor is entitled to all profits accrued on the Retention Sum less the Purchaser Profits ➤ The vendor and guarantors have agreed to reimburse PDSB for all costs incurred by PDSB and/or KPS for the Proposed Variation 	
 Retention of key employees	<ul style="list-style-type: none"> ➤ Lim Hui Bian has agreed to remain as the chief executive officer of TMM and a director of any of the TMM group's companies up to the end of FYE 2020 		The parties have agreed to extend such clause up to the end of FYE 2021	

iv) Effect of the Proposed Variation

a) On Net Asset and Gearing

Based on the assumption that the Proposed Variation had been completed on 31 December 2020 and the impact of the Second Year PG is recognised in FYE 2020

	Audited FYE 2020	After the Proposed Variation ⁽¹⁾
Net assets ("NA"), NA per KPS share and gearing		
Retained earnings	RM454.3 mil	RM498.3 mil ▲ 9.7%
Shareholders' equity / NA	RM993.6 mil	RM1,037.6 mil ▲ 4.4%
No. of shares in issue (Units)	537.4 mil	537.4 mil
NA per share	RM1.85	RM1.93 ▲ 4.4%
Gross gearing	0.62x	0.59x ▼ 0.03x

Note:

(1) After taking into consideration the following:

- (i) the income to be recognised for the Second Year Profit Guarantee of RM42.3 million; and
- (ii) the estimated Purchaser Profits of approximately RM1.684 million (computed based on an indicative profit rate of 2% per annum on the Retention Sum, which is not a fixed profit rate in the Variation Agreement and used only for illustration purposes)

b) On Earnings and Earnings Per Share

Based on the assumption that the Proposed Variation had been effected on 1 January 2020

	Audited FYE 2020	After the Proposed Variation ⁽¹⁾
Earnings and earnings per share ("EPS")		
Profit net of tax and zakat attributable to equity holders	RM34.1 mil	RM78.1 ▲ 129.0%
Weighted average number of KPS shares	537.4 mil	537.4 mil
EPS	6.3 sen	14.5 sen ▲ 129.0%

Note:

- (1) After taking into consideration the following:
- (i) the income to be recognised for the Second Year Profit Guarantee of RM42.3 million; and
 - (ii) the estimated Purchaser Profits of approximately RM1.684 million (computed based on an indicative profit rate of 2% per annum on the Retention Sum, which is not a fixed profit rate in the Variation Agreement and used only for illustration purposes).

Dato' Chairman thanked the Principal Adviser for the presentation and briefed the shareholders on the procedures in tabling and approving the resolution.

The ordinary resolution as set out in the EGM 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.

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

- i) He will go through the ordinary resolution as set out in the EGM 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 the questions posed which are related to the business of EGM. 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 would either be sent via e-mail to the shareholders at the earliest possible after the meeting or posted on the Company's website; and
- iii) After the Q&A session, the resolution would then be put to vote remotely by using the Remote Participation & Voting 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 Asia Securities Sdn Bhd ("Asia Securities") as Independent Scrutineer.

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

Dato' Chairman then invited the MD/GCEO to brief the shareholders by reading out some of the questions submitted by the shareholders prior to the meeting as well as questions received via query box from the shareholders, corporate representatives and proxies during the meeting together with the Management's responses for the same, details of which was attached as **Appendix 2** of the Minutes.

Dato' Chairman concluded the Q&A session and thanked the shareholders for the questions raised and should there be any questions that the Board/Management were unable to answer within the allotted time, the responses to those questions will either be sent via e-mail to the shareholders at the earliest possible after the meeting or posted on the Company's website.

5. VOTING ON THE RESOLUTION AND DECLARATION OF POLL RESULT

Dato' Chairman reiterated that polling at this EGM will be conducted using remote electronic voting. Dato' Chairman adjourned the meeting at 12.45 p.m. until the casting and verification of the votes were completed.

The meeting resumed at 1.00 p.m. and Dato' Chairman called the meeting to order.

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

Voted	For	Against
No. of Shareholders	358,247,987	711,196
No. of Shares	86	25
% of Voted Shares	99.8019	0.1981
Result	Accepted	

Based on the voting results, Dato' Chairman declared that by majority votes, the following motion for the Proposed Variation be and hereby duly carried:

RESOLVED:

"THAT, approval be and is hereby given for PDSB, a wholly-owned subsidiary of KPS, to defer the second year profit guarantee of RM42,330,000 of TMM and its subsidiaries ("Second Year Profit Guarantee") from the financial year ended 31 December 2020 to the financial year ending 31 December 2021 and to vary, amend, supplement, modify, delete, add and/or substitute the provisions of the share sale agreement dated 17 May 2019 entered into between PDSB, Lim Tech Consolidated Limited (*formerly known as Toyoplas Consolidated Limited*) ("Vendor"), Lim Lai An ("LLA") and Lim Hui Bian ("LHB") in accordance with the terms and conditions set out in the conditional variation agreement dated 25 February 2021 entered into between PDSB, the Vendor, LLA and LHB ("Variation Agreement") ("Proposed Variation");

THAT the execution by PDSB of the Variation Agreement and other ancillary documents in relation thereto and the performance of its obligations under the Variation Agreement and other ancillary documents in relation thereto be and are hereby approved, ratified and confirmed;

THAT the Board of Directors of KPS ("Board") and/or PDSB be and are hereby empowered and authorised to sign, execute and deliver on behalf of the Company and/or PDSB all necessary documents and to take all steps and do all such acts as it may consider necessary, expedient or appropriate to give full effect to the Proposed Variation with full power and discretion to enter into all such transactions, arrangements and agreements in respect of any matter arising under or in connection with the Proposed Variation and to assent to any conditions, modifications, variations, additions and/or amendments as may be imposed by any relevant authorities and/or as the Board and/or PDSB may deem fit and/or expedient and/or in the best interest of the Company and/or PDSB;

AND THAT all previous actions by the Board for the purpose of or in connection with the Proposed Variation be and are hereby adopted, approved and ratified."

6. CLOSURE

Dato' Chairman thanked everyone present at the EGM and declared the EGM of KPS as concluded at 1.10 p.m.

**CONFIRMED AS THE CORRECT RECORD
OF THE PROCEEDINGS THEREAT**



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CHAIRMAN

Date: 9 June 2021

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APPENDIX 2 OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING (“EGM”) OF KUMPULAN PERANGSANG SELANGOR BERHAD (“KPS” OR “THE COMPANY”) HELD FULLY VIRTUAL AT KPS CORPORATE OFFICE, 17TH FLOOR, PLAZA PERANGSANG, PERSIARAN PERBANDARAN, 40000 SHAH ALAM, SELANGOR DARUL EHSAN AND VIA THE TIIH ONLINE WEBSITE AT <https://tjih.online> on TUESDAY, 25 MAY 2021 AT 12.10 P.M.

QUESTIONS READ OUT BY THE MD/GCEO DURING THE EGM LIVE WHICH WAS RECEIVED FROM THE SHAREHOLDERS OF KPS PRIOR TO THE EGM AND DURING THE LIVE MEETING TOGETHER WITH THE RELEVANT MANAGEMENT’S RESPONSES THEREOF:

NO.	QUESTION OR COMMENT FROM SHAREHOLDER	THE COMPANY’S RESPONSE/ ANSWER
1.	Will this be the final extension?	➤ Guided by current macroeconomic outlook, the Company does not foresee a need for the Second Year Profit Guarantee to be extended beyond financial year ending (“FYE”) 2021. However, there are no restrictions under the Variation Agreement and Share Sale Agreement (“SSA”) which prohibit such extension should the need arise due to whatsoever reason.
2.	What is the targeted yearly growth rate for PAT agreed? 5% or 10%?	➤ Generally, the SSA and the Variation Agreement were not agreed based on a targeted yearly growth rate. The First Year Profit Guarantee of RM38.6 million was 5.0% higher than the profit after tax (“PAT”) for FYE 2018 of RM36.3 million. The Second Year Profit Guarantee of RM42.3 million is 9.6% higher than the First Year Profit Guarantee of RM38.6 million.
3.	Based on the info provided, effectively the manufacturing only shutdown less than a month in both China (31 st January 2020 till 9 th February 2020) and Malaysian (18 th March till 6 th April 2020) Operation. What causes the profit to deviate by so much?	➤ TMM has three (3) manufacturing plants located in China, i.e. Shanghai, Dongguan, and Nanning. On average, they were running at 60% utilisation in quarter two (“Q2”) 2020. The utilisation rate improved to 76% utilisation from third quarter (“Q3”) 2020 (FY2019: 90%). The plants in Malaysia were running at a higher utilisation of 70% in Q2 2020 before edging up to 95% from Q3 2020 (FY2019: 75%). The plant in Indonesia, which was not ordered to shut down, edged up its utilisation to 70% since Q3 2020, up from 60% in Q2 2020 (FY2019: 60%).

NO.	QUESTION OR COMMENT FROM SHAREHOLDER	THE COMPANY'S RESPONSE/ ANSWER
		<p>➤ The global supply chain disruption plagued the industry for prolonged periods instituted by COVID-19 pandemic, which caused supply shortages and increase in raw material prices. Further, weak end-consumer demand had also affected TMM Group's sales which were lower in FYE 2020 than FYE 2019 for most segments. This had materially affected the profitability of TMM Group as it continued to incur fixed overhead costs.</p>
4.	Is the TMM Group on track to achieve the Second Year Profit Guarantee in the FYE 2021?	<p>➤ For the financial period ending 31 March 2021, the PAT achieved by the TMM Group was in line with Management's internal expectations and on track to achieve the Second Year Profit Guarantee in FYE 2021.</p>
5.	What were the challenges faced by the TMM Group in FYE 2020?	<p>➤ The operational suspension and limitations imposed due to COVID-19 had adversely affected the TMM Group's financial performance as its sources of income was diminished whilst it continued to incur its fixed overhead costs. This was exacerbated by supply chain disruptions and weak end-consumer demand in most segments which the TMM Group's key customers operate, as well as rising input costs as material prices escalated.</p> <p>Notwithstanding that, when compared to FYE 2019, TMM Group benefited from market preference for home-based products and was further boosted by a strong consumer demand for products marketed by its diverse multinational clients.</p>
6.	Has the Board considered exercising its rights under the terms of the SSA to recover the shortfall amount of RM31.3 million for the Second Year Profit Guarantee in FYE 2020 which is beneficial to the Company instead of granting a deferral of the Second Year Profit Guarantee from FYE 2020 to FYE 2021?	<p>The Proposed Variation arose from a request from the Vendor and Guarantors based on valid reasons being the unprecedented challenges caused by the COVID-19 pandemic. The Board has deliberated the Proposed Variation at length and considered the available options and believed that the Proposed Variation is in the best interest of the Company.</p>

NO.	QUESTION OR COMMENT FROM SHAREHOLDER	THE COMPANY'S RESPONSE/ ANSWER
7.	How is the Board of the view that it is realistic for TMM Group to achieve the Second Year Profit Guarantee in FYE 2021?	<ul style="list-style-type: none"> ➤ The TMM Group had achieved the First Year Profit Guarantee in FYE 2019 without the effects of the COVID-19 pandemic; ➤ The TMM Group's operations have fully resumed as at the latest practicable date (30 March 2021); ➤ The favourable global economic recovery in 2021, forecasted to be at 8.1% for China and 5.2% for ASEAN-5 (Malaysia, Indonesia, Philippines, Singapore and Thailand) driven by global trade and the rollout of COVID-19 vaccine in the countries in which the TMM Group operates will augur well for the TMM Group. (Source: World Economic Outlook Update January 2021, International Monetary Fund) (Note: Updated forecast in April 2021 was 8.4% for China and 4.9% for ASEAN-5).
8.	What are KPS Group's right of recourse if the Second Year Profit Guarantee is not met in FYE 2021?	<ul style="list-style-type: none"> ➤ Save for the variations to the SSA, the Purchaser's rights of recourse shall remain the same as per the existing terms of the SSA if the Second Year Profit Guarantee is not met in FYE 2021.
9.	How much will the Proposed Variation cost the Company?	<ul style="list-style-type: none"> ➤ There would be no costs incurred by the Purchaser and KPS for the Proposed Variation as the Vendor and the Guarantors have agreed to reimburse the Purchaser and/or KPS for all costs and expenses of the Proposed Variation incurred.