

KIM LOONG RESOURCES BERHAD
Registration No. 197501000991 (22703-K)
(Incorporated in Malaysia)

Minutes of the Forty-seventh Annual General Meeting of the Company held at the Ruby 1 & 2, Level 9, Holiday Inn Johor Bahru City Centre, Jalan Tun Abdul Razak, 80000 Johor Bahru, Johor Darul Takzim on Wednesday, 27 July 2022 at 11.00 a.m.

PRESENT :

BOARD OF DIRECTORS

Mr. Gooi Seong Heen (Managing Director) (in the Chair)
Mr. Gooi Seong Lim (Executive Chairman)
Mr. Gooi Seong Chneh (Executive Director)
Mr. Gooi Seong Gum (Executive Director)
Mr. Gan Kim Guan (Senior Independent Non-Executive Director)
Mr. Chan Weng Hoong (Independent Non-Executive Director)
Mr. Cheang Kwan Chow (Independent Non-Executive Director)

SHAREHOLDERS / PROXIES / CORPORATE REPRESENTATIVES

As per attendance record

BY INVITATION

Ms. Lee Ming Li (Ernst & Young PLT)

IN ATTENDANCE

Mr. Chow Kok Hiang (Finance Director)
Mr. Kan Chee Jing (Company Secretary)

1. NOTE OF WELCOME

1.1 The Chairman informed the Meeting that he was appointed by the Board to chair the meeting and welcomed the members to the Meeting.

2. QUORUM AND NOTICE

2.1 The Chairman informed the Meeting that the Secretary had confirmed the presence of a quorum and the Notice of Meeting and the Notification on the publication of the Notice of Meeting, the Annual Report 2022, the Corporate Governance 2022, the Statement to Shareholders in relation to the Proposed Renewal of Authority for Share Buy-Back and the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature on the Company's website, had been duly and properly distributed to the members.

2.2 With the consent of the Meeting, the Notice of Meeting was taken as read.

3. VOTING BY POLL

3.1 The Chairman informed that voting on all resolutions would be conducted by poll in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad. The polling process would be undertaken by the Share Registrar and the poll results would be verified by M/s. SKW Associates, Chartered Accountants, as the appointed Independent Scrutineer. The polling process for the resolutions would be conducted upon completion of the deliberation of all items on the Agenda.

4. AGENDA ITEM NO. 1 – TO RECEIVE THE DIRECTORS’ REPORT AND THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST JANUARY, 2022 TOGETHER WITH THE AUDITORS’ REPORT THEREON

4.1 The Directors’ Report and the Audited Financial Statements of the Company and the Group for the year ended 31st January, 2022 together with the Auditors’ Report thereon were tabled.

4.2 The Chairman informed the Meeting that the Minority Shareholder Watch Group (“MSWG”) had via their letter dated 18th July, 2022 raised some questions in relation to the operational and financial matters of the Group and corporate governance. The list of the Company’s answers to MSWG’s questions as set out in Appendix 1 had been provided to the shareholders during the registration of attendance for information.

4.3 The Chairman invited questions from the floor.

4.4 The Chairman responded to the questions from the floor as set out in Appendix 2.

4.5 The Chairman declared that the Directors’ Report and the Audited Financial Statements of the Company and the Group for the year ended 31st January, 2022 together with the Auditors’ Report thereon be received.

5. ORDINARY RESOLUTION NO. 1 – TO DECLARE A FINAL SINGLE TIER DIVIDEND OF 5 SEN PER SHARE IN RESPECT OF THE FINANCIAL YEAR ENDED 31ST JANUARY, 2022

5.1 The Chairman said that the Board had recommended the declaration of a final single tier dividend of 5 sen per share in respect of the year ended 31st January, 2022 and if approved, the dividend would be paid on 29th August, 2022 to the members registered in the Record of Depositors as at 12th August, 2022.

5.2 The Chairman proposed to move the resolution that a final single tier dividend of 5 sen per share in respect of the year ended 31st January, 2022 be declared payable on 29th August, 2022 to the members registered in the Record of Depositors as at 12th August, 2022, which was seconded by Mr. Yeo Jon Tian @ Eeyo Jon Thiam.

5.3 The determination of the resolution is by poll by filling the voting papers towards the conclusion of the Meeting.

6. ORDINARY RESOLUTION NO. 2 - TO APPROVE THE PAYMENT OF DIRECTORS’ FEES TOTTALLING RM288,000 FOR THE FINANCIAL YEAR ENDED 31ST JANUARY, 2022

6.1 The Chairman proposed to move the resolution that the payment of Directors’ fees totaling RM288,000 for the year ended 31st January, 2022 be approved, which was seconded by Mr. Tan Ah Lai.

6.2 The determination of the resolution is by poll by filling the voting papers towards the conclusion of the Meeting.

7. ORDINARY RESOLUTION NO. 3 – TO APPROVE THE PAYMENT OF DIRECTORS’ BENEFITS OF UP TO RM40,000 FROM THIS ANNUAL GENERAL MEETING UNTIL THE NEXT ANNUAL GENERAL OF MEETING OF THE COMPANY
 - 7.1 Mr. Tan Ah Lai proposed to move the resolution that the payment of Directors’ benefits of up to RM40,000 from this Annual General Meeting until the next annual general meeting of the Company be approved, which was seconded by Ms. Chua Yoke Bee.
 - 7.2 The determination of the resolution is by poll by filling the voting papers towards the conclusion of the Meeting.
8. ORDINARY RESOLUTION NO. 4 - RE-ELECTION OF MR. GOOI SEONG LIM AS A DIRECTOR
 - 8.1 The Chairman informed the Meeting that in accordance with Clause 88 of the Constitution of the Company, Mr. Gooi Seong Lim retires as a Director at the conclusion of the Meeting and being eligible, has offered himself for re-election.
 - 8.2 The Chairman proposed to move the resolution that Mr. Gooi Seong Lim be re-elected as a Director of the Company, which was seconded by Mr. Phoon Kin Seng.
 - 8.3 The determination of the resolution is by poll by filling the voting papers towards the conclusion of the Meeting.
9. ORDINARY RESOLUTION NO. 5 - RE-ELECTION OF MR. GOOI SEONG GUM AS A DIRECTOR
 - 9.1 The Chairman informed the Meeting that in accordance with Clause 88 of the Constitution of the Company, Mr. Gooi Seong Gum retires as a Director at the conclusion of the Meeting and being eligible, has offered himself for re-election.
 - 9.2 The Chairman proposed to move the resolution that Mr. Gooi Seong Gum be re-elected as a Director of the Company, which was seconded by Mr. Tan Ah Lai.
 - 9.3 The determination of the resolution is by poll by filling the voting papers towards the conclusion of the Meeting.
10. ORDINARY RESOLUTION NO. 6 – TO RE-APPOINT ERNST & YOUNG PLT AS AUDITORS OF THE COMPANY AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION
 - 10.1 The Chairman informed the Meeting that Ernst & Young PLT retire as the Auditors at the conclusion of the Meeting and the Board has recommended them to be re-appointed.
 - 10.2 The Chairman proposed to move the resolution that Ernst & Young PLT be re-appointed as Auditors of the Company at a fee to be agreed upon with the Directors and to hold office until the conclusion of the next annual general meeting, which was seconded by Ms. Er Siew Wey.
 - 10.3 The determination of the resolution is by poll by filling the voting papers towards the conclusion of the Meeting.

11. ORDINARY RESOLUTION NO. 7 - AUTHORITY TO ALLOT AND ISSUE SHARES NOT EXCEEDING 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY

11.1 The Chairman said that the Board seeks the mandate of the shareholders to allot and issue new shares up to an amount not exceeding 10% of the total number of issued shares of the Company (excluding treasury shares) for the reasons as explained in the Notice of Meeting.

11.2 The Chairman proposed to move the following resolution as set out in the Notice of Meeting, which was seconded by Mr. Yeo Jon Tian @ Eeyo Jon Thiam -

“THAT subject always to the Companies Act, 2016, the Constitution of the Company and the approval of the relevant governmental/regulatory bodies, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as they may deem fit and that the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad provided always that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) 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.”

11.3 The determination of the resolution is by poll by filling the voting papers towards the conclusion of the Meeting.

12. ORDINARY RESOLUTION NO. 8 - PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

12.1 The Chairman drew shareholders’ attention to the rationale for the Proposed Renewal of Authority for Share Buy-back as set out in the Statement to Shareholders. As the mandate obtained at the last annual general meeting held on 28th July, 2021 would expire at the conclusion of the meeting, the Board sought a renewal of the same mandate.

12.2 The Chairman proposed to move the following resolution as set out in the Notice of Meeting, which was seconded by Ms. Er Siew Wey -

“THAT subject to compliance with all applicable rules, regulations and orders made pursuant to the Companies Act, 2016 (“the Act”), the provisions of the Company’s Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant authority, approval be and is hereby given to renew the authority for the Company to purchase its own shares through Bursa Securities, subject to the following -

- (a) the maximum number of shares which may be purchased by the Company (which includes the shares already purchased and held as treasury shares) shall be 96,725,905 representing 10% of the total number of issued shares of the Company as at 22 April 2022;
- (b) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the audited retained profits of the Company as at 31 January 2022 of RM54,487,819;

- (c) the authority conferred by this Ordinary Resolution will be effective immediately upon the passing of this Ordinary Resolution and will expire at the conclusion of the next annual general meeting or the expiry of the period within which the next annual general meeting is required by law to be held, whichever occurs first (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting) but not so as to prejudice the completion of purchase(s) by the Company or any person before the aforesaid expiry date and in any event, in accordance with the provisions of the requirements issued by Bursa Securities or any other relevant authorities;
- (d) upon completion of the purchase by the Company of its own shares, the shares shall be dealt with in the following manner -
 - (i) to cancel the shares so purchased; or
 - (ii) to retain the shares so purchased in treasury for distribution as dividend to the shareholders of the Company and/or resell through Bursa Securities and/or subsequently cancel the treasury shares and/or transfer the treasury shares for the purposes of or under an employees' share scheme or as purchase consideration; or
 - (iii) to retain part of the shares so purchased as treasury shares and cancel the remainder;

and in any other manner as prescribed by Section 127 of the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be imposed by the relevant authorities from time to time and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company.”

12.3 The determination of the resolution is by poll by filling the voting papers towards the conclusion of the Meeting.

13. ORDINARY RESOLUTION NO. 9 - RETENTION OF MR. GAN KIM GUAN AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

13.1 The Chairman informed the Meeting that the Nominating Committee and the Board have assessed the independence of Mr. Gan Kim Guan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years and recommended him to be retained as an Independent Non-Executive Director of the Company based on the justification as stipulated in the Notice of Meeting.

13.2 The Chairman proposed to move the following resolution as set out in the Notice of Meeting, which was seconded by Mr. Tan Ah Lai -

“THAT Mr. Gan Kim Guan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, be retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2021.”

13.3 The determination of the resolution is by poll by filling the voting papers towards the conclusion of the Meeting.

14. ORDINARY RESOLUTION NO. 10 - RETENTION OF MR. CHAN WENG HOONG AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

14.1 The Chairman informed the Meeting that the Nominating Committee and the Board have assessed the independence of Mr. Chan Weng Hoong, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years and recommended him to be retained as an Independent Non-Executive Director of the Company based on the justification as stipulated in the Notice of Meeting.

14.2 The Chairman proposed to move the following resolution as set out in the Notice of Meeting, which was seconded by Mr. Tan Ah Lai -

“THAT Mr. Chan Weng Hoong, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, be retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2021.”

14.3 The determination of the resolution is by poll by filling the voting papers towards the conclusion of the Meeting.

ORDINARY RESOLUTION NO. 11 - RETENTION OF MR. CHEANG KWAN CHOW AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

15.1 The Chairman informed the Meeting that the Nominating Committee and the Board have assessed the independence of Mr. Cheang Kwan Chow, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years and recommended him to be retained as an Independent Non-Executive Director of the Company based on the justification as stipulated in the Notice of Meeting.

15.2 The Chairman proposed to move the following resolution as set out in the Notice of Meeting, which was seconded by Ms. Er Siew Wey -

“THAT Mr. Cheang Kwan Chow, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, be retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2021.”

15.3 The determination of the resolution is by poll by filling the voting papers towards the conclusion of the Meeting.

15.4 As the Chairman was an interested party in the next resolution on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, he invited the Senior Independent Non-Executive Director, Mr. Gan Kim Guan, to take over the Chair and put forward the resolution to the Meeting.

15.5 Mr. Gan Kim Guan then took the Chair.

16. ORDINARY RESOLUTION NO. 12 - PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

- 16.1 Mr. Gan Kim Guan informed the Meeting that the Company proposed to seek the renewal of its shareholders' mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature to be entered into by the Company and / or its subsidiaries with the related parties which are in the ordinary course of business and necessary for the day-to-day operations of the Group and are made on an arm's length basis and on normal commercial terms that are not more favourable to the related parties than those generally available to the public and will not be to the detriment of the Company's minority shareholders.

The details of the class of related parties and the nature of the Recurrent Related Party Transactions including the estimated aggregate value of such transactions, which are to be covered by the Proposed Shareholders' Mandate, are set out in Section 2.3 on Pages 3 to 4 of the Circular to Shareholders.

The interested Directors and / or the interested major shareholders, namely Mr. Gooi Seong Lim, Mr. Gooi Seong Heen, Mr. Gooi Seong Chneh, Mr. Gooi Seong Gum, Mr. Gooi Khai Chien, Mr. Gooi Chuen Kang and Sharikat Kim Loong Sdn Bhd and the persons connected with them, will abstain from voting in respect of their direct and / or indirect shareholdings in the Company on this proposal.

The Board, save for the interested Directors, is of the opinion that the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is in the best interest of the Company and its subsidiaries and hence, recommended that the shareholders vote in favour of the resolution.

- 16.2 Mr. Yeo Jon Tian @ Eeyo Jon Thiam proposed to move the following resolution as set out in the Notice of Meeting, which was seconded by Mr. Tan Ah Lai –

“THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the Proposed Shareholders' Mandate for the Company and / or its subsidiaries to enter into and give effect to the category of the recurrent related party transactions of a revenue or trading nature with the related parties, as specified in Section 2.3 of the Circular to Shareholders dated 30 May 2022 provided that such transactions are made on an arm's length basis and on normal commercial terms and subject further to the following -

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders; and
- (b) disclosure is made in the Annual Report of the breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year based on the following information -
 - (i) the type of the recurrent transactions made; and
 - (ii) the names of the related parties involved in each type of the recurrent transactions made and their relationship with the Company,

and such authority shall commence upon the passing of this Ordinary Resolution and shall continue to be in force until -

- (a) the conclusion of the next annual general meeting of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next annual general meeting after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the said Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors and / or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and / or authorised by this Ordinary Resolution.”

16.3 The determination of the resolution is by poll by filling the voting papers towards the conclusion of the Meeting.

16.4 Mr. Gan Kim Guan then passed the Chair back to Mr. Gooi Seong Heen.

17. AGENDA ITEM NO. 12 – TO CONSIDER ANY OTHER BUSINESS FOR WHICH DUE NOTICE SHALL HAVE BEEN GIVEN

17.1 At the request of the Chairman, the Secretary confirmed that no notice was received from any shareholder to transact any other business.

18. POLLING PROCESS

18.1 The Chairman informed that as the Meeting had deliberated all the proposed Ordinary Resolution Nos. 1 to 12, it was time for the determination of the Resolutions by poll. He then invited the Secretary to read out the polling procedure.

18.2 The Secretary briefed the Meeting that at the registration of attendance, the shareholders / proxies / corporate representatives had been provided with a voting paper for all the proposed Ordinary Resolution Nos. 1 to 12.

For the shareholders / proxies / corporate representatives, they were required to indicate whether they were voting for or against each of the Ordinary Resolution Nos. 1 to 12 by marking an “X” in the appropriate box and sign the voting papers.

For those proxies whose voting papers would have been filled according to the voting instruction given by the shareholders appointing them, they were only required to sign on the voting papers.

The representatives of the Share Registrar would come and collect the voting papers after 5 minutes.

18.3 After the collection of the voting papers, the Chairman said that as the representatives of the Share Registrar would take some time to count and tabulate the results of the 12 Ordinary Resolutions which would be verified by the Independent Scrutineer, with the consent of the Meeting, he declared that the Meeting be adjourned 30 minutes for the counting of the votes and would resume at 12.10 p.m. for the declaration of poll results in respect of the Resolutions. He then invited the Meeting for some refreshments.

19. ANNOUNCEMENT OF POLL RESULTS

19.1 At 12.10 p.m., the Chairman called the Meeting to order for the announcement of poll results which had been verified by the Independent Scrutineer. He declared the results of the poll as follows -

ORDINARY RESOLUTION NO. 1

To declare a final single tier dividend of 5 sen per share in respect of the financial year ended 31st January, 2022.

	FOR			AGAINST		
	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders
Ordinary Resolution 1	662,831,707	100.0000	79	0	0.0000	0

The Chairman declared the Ordinary Resolution 1 carried.

ORDINARY RESOLUTION NO. 2

To approve the payment of Directors' fees totalling RM288,000 for the financial year ended 31st January 2022.

	FOR			AGAINST		
	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders
Ordinary Resolution 2	662,831,707	100.0000	79	0	0.0000	0

The Chairman declared the Ordinary Resolution 2 carried.

ORDINARY RESOLUTION NO. 3

To approve the payment of Directors' benefits of up to RM40,000 from this Annual General Meeting until the next annual general meeting of the Company.

	FOR			AGAINST		
	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders
Ordinary Resolution 3	662,831,707	100.0000	79	0	0.0000	0

The Chairman declared the Ordinary Resolution 3 carried.

ORDINARY RESOLUTION NO. 4

Re-election of Mr. Gooi Seong Lim as a Director pursuant to Clause 88 of the Constitution of the Company.

	FOR			AGAINST		
	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders
Ordinary Resolution 4	659,846,891	99.5497	62	2,984,816	0.4503	17

The Chairman declared the Ordinary Resolution 4 carried.

ORDINARY RESOLUTION NO. 5

Re-election of Mr. Gooi Seong Gum as a Director pursuant to Clause 88 of the Constitution of the Company.

	FOR			AGAINST		
	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders
Ordinary Resolution 5	662,388,607	99.9332	75	443,100	0.0668	4

The Chairman declared the Ordinary Resolution 5 carried.

ORDINARY RESOLUTION NO. 6

To re-appoint Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

	FOR			AGAINST		
	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders
Ordinary Resolution 6	662,682,091	99.9774	69	149,616	0.0226	10

The Chairman declared the Ordinary Resolution 6 carried.

ORDINARY RESOLUTION NO. 7

Authority to allot and issue shares not exceeding 10% of the total number of issued shares of the Company under Sections 75 and 76 of the Companies Act, 2016.

	FOR			AGAINST		
	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders
Ordinary Resolution 7	662,816,707	99.9977	78	15,000	0.0023	1

The Chairman declared the Ordinary Resolution 7 carried.

ORDINARY RESOLUTION NO. 8

Proposed Renewal of Authority for Share Buy-Back.

	FOR			AGAINST		
	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders
Ordinary Resolution 8	662,831,707	100.0000	79	0	0.0000	0

The Chairman declared the Ordinary Resolution 8 carried.

ORDINARY RESOLUTION NO. 9

Retention of Mr. Gan Kim Guan as an Independent Non-Executive Director.

	FOR			AGAINST		
	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders
Ordinary Resolution 9	662,388,507	99.9331	74	443,200	0.0669	5

The Chairman declared the Ordinary Resolution 9 carried.

ORDINARY RESOLUTION NO. 10

Retention of Mr. Chan Weng Hoong as an Independent Non-Executive Director.

	FOR			AGAINST		
	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders
Ordinary Resolution 10	662,763,207	99.9897	77	68,500	0.0103	2

The Chairman declared the Ordinary Resolution 10 carried.

ORDINARY RESOLUTION NO. 11

Retention of Mr. Cheang Kwan Chow as an Independent Non-Executive Director.

	FOR			AGAINST		
	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders
Ordinary Resolution 11	662,763,207	99.9897	77	68,500	0.0103	2

The Chairman declared the Ordinary Resolution 11 carried.

ORDINARY RESOLUTION NO. 12

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.

	FOR			AGAINST		
	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders
Ordinary Resolution 12	24,222,287	100.0000	73	0	0.0000	0

The Chairman declared the Ordinary Resolution 12 carried.

20. CLOSURE OF MEETING

20.1 There being no further business, the meeting was declared closed at 12.20 p.m. with a vote of thanks to the Chair.

CONFIRMED AS A CORRECT
RECORD OF THE PROCEEDINGS

CHAIRMAN

FORTY-SEVENTH ANNUAL GENERAL MEETING
Wednesday, 27 July 2022
11.00 a.m.

Company's answers to the questions from the Minority Shareholder Watch Group vide letter dated 18th July, 2022

Operational & Financial Matters

Q1. The management forecasts the FFB production for FY2023 to be 15% higher than FY2022 assuming the labour shortage problem is not deteriorating any further. (page 24 of Annual Report (AR) 2022)

- (a) Where is the 15% FFB production growth going to come from?
- (b) How many workers do you require to achieve this forecast?

A1. (a) The management forecasted a 15% increase in FFB production for the FY2023 after considering the site yield potential, palm age profile of respective estates and additional 1,000 hectares of the replanted area that come into production in FY2023. Besides, the management also expected recovery of production of estates in Keningau region which had suffered a lower-than-expected yield in FY2022.

- (b) On the requirement of harvester workforce, a ratio of 1 harvester to 18 hectares would be ideal. However, the Group still faces a shortage of harvesters of about 20%. While striving our best efforts to recruit new harvesters, the Group has also initiated various incentives and harvesting rate increment to retain existing harvesters as well as to promote productivity of the harvesters in order to minimize loss of crop due to shortage of harvesters.

We believe the production target set is achievable with the current workforce with good productivity. Having said that, although workforce sufficiency is a key factor but the actual production achievement is still subject to many other unforeseen and/or uncontrollable situations such as crop seasonal cycle, weather conditions, supply of fertilizer, etc. which have significant impact on production yield and worker's productivity.

Q2. The Group's revenue generated by supplying power to TNB grid from its Kota Tinggi milling operations remained stable at RM5.20 million (FY2021: RM5.13 million) (page 24 of AR 2022)

On page 24 of AR 2020, KLR mentioned that it is expecting annual revenue of RM6 million for Kota Tinggi biogas plant from FY2021 onwards. What were the reasons for the revenue shortfall? Is the RM6 million target still achievable?

A2. The annual revenue of RM6 million is projected based on expected production output capacity with minimal disruption in supply. The reason for the lower revenue achieved in FY2022 as compared to the projected RM6 million is mainly due to unexpected disruption in supply to the TNB grid caused by machinery breakdowns. Nevertheless, the management believes that RM6 million in annual revenue remains an achievable target.

Q3. The Group expects its biogas plants at Keningau and Telupid, Sabah to commence operations to supply power to Sabah Electricity Sdn Bhd (“SESB”) grid by the end of second and fourth quarter respectively of FY2023 and to contribute positively to the Group in terms of revenue and profitability. (page 24 of AR 2022)

- (a) How much annual revenue contribution do you expect from Keningau and Telupid biogas plants, respectively? What is the expected net profit margin?
- (b) What is the total investment for Keningau and Telupid biogas plants, respectively? Please provide the breakdown in terms of construction cost, plant and equipment cost, etc.
- (c) How long is the power purchase agreement with Sabah Electricity Sdn. Bhd for both plants?

A3. (a) We expect the annual revenue contribution from Keningau and Telupid biogas plants could be up to RM6 million and RM4 million respectively upon achieving the approved net export capacity. The expected profit margin would be around 60%, depends on operating efficiency and volume of FFB processed at mills which could affect biogas production

- (b) Total budgeted investment costs for Keningau and Telupid biogas plants are as follows:

	Keningau plant RM’000	Telupid plant RM’000
1. Construction cost	550	350
2. Plant and machinery	11,250	13,390
3. Others	200	260
	<hr/>	<hr/>
Total	<u>12,000</u>	<u>14,000</u>

- (c) The duration of the Renewable Energy Power Purchase Agreements entered with Sabah Electricity Sdn Bhd for the supply of power to the grid from the Keningau and Telupid biogas plants are 16 years and 21 years respectively.

Q4. The Group recognized capex of RM140 million in FY2022 which was about 3 times of RM46 million for the FY2021. The capex recognized for the plantation operations jumped from RM18 million to RM111 million mainly due to the acquisition of plantation lands in Sabah. On the other hand, milling operations have incurred capex of RM29 million, mainly for the acquisition of new boilers, electrostatic precipitator systems and capital expenditure in respect of Feed-in Tariff (“FiT”) projects supplying power to SESB grid in Keningau and Telupid, Sabah. (page 30 of AR 2022)

What is the budgeted capex for FY2023? How much is for plantation operations vs milling operations?

A4. We have budgeted RM42 million for capital expenditure (“Capex”) for the FY2023, of which 65% is attributable to the milling operations.

- Q5. The Group also owns and operates 3 palm oil mills in Kota Tinggi, Johor and in Keningau and Telupid, Sabah. Its palm oil mills have a total FFB processing capacity of 1.5 million MT per annum. Overall, the Group's mills processed a total FFB quantity of 1.48 million MT in FY2022, up 11% from 1.33 million MT in FY2021. (page 26 and 30 of AR 2022)

As the mills are running at almost full capacity, does the Group have any plans to expand production capacity of the existing mills? If not, why not?

- A5. The combined processing capacity of 1.5 million MT of FFB per hour is derived based on optimum operating conditions. Having said that, the physical processing capacity of our 3 mills is designed to be able to process extra crop volume during the peak crop season. Nevertheless, the management will continue to monitor the FFB supply conditions at the mills and evaluate the impact of costs and long-term benefits in relation to further expanding production processing capacity should the need arise.

- Q6. The total unit cost of production of CPO has increased by 24% to RM1,670 per MT, mainly due to a surge in unit cost of FFB production and windfall profit levy. The windfall profit levy absorbed by the Group in FY2022 was RM7.3 million, compared to only RM0.70 million in FY2021, as a result of higher CPO price. On the other hand, the increase in unit cost of FFB production was due to a decline in FFB yield per hectare and further compounded by labour shortage and cost inflation. (page 27 of AR 2022)

Considering management's forecast of 15% growth in FFB production, what is the projected total unit cost of CPO production for FY2023? And what are the main contributing factors to the lower/higher cost?

- A6. Normally, due to certain expenses which are rather fixed in nature (not subject/sensitive to production volume), the volume of FFB production at plantations as well as volume of FFB processed at palm oil mills could have a material impact on fluctuations in our Group's cost of production of CPO. In addition, the FFB windfall profit levy absorbed by the plantations has also caused fluctuations in the unit cost of production.

Although we have forecasted a 15% growth in FFB production, we reckon the unit cost of production could still increase by around 20% as compared to FY2022 considering significant impacts arising from the surge in fertilizer cost, high inflation rate, and the revised minimum wage that affecting the operating costs.

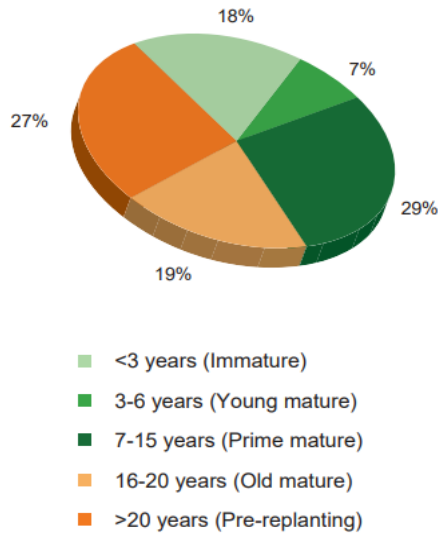
- Q7. To support its plantation operations in Sarawak, the Group will continue its efforts to secure a milling license and set up a palm oil mill in Sarawak. (page 35 of AR 2022)

KLR has been looking into setting up a palm oil mill in Sarawak for quite some time. What were the reasons for the delay in setting up a mill in Sarawak?

- A7. We have identified some suitable lands nearby our estates in Sarawak and have been striving to procure requisite approvals from relevant authorities. We believe the Covid-19 pandemic and the Movement Control Order ("MCO") imposed have slowed down the process in the past 2 years.

- Q8. As at 31 January 2022, the Group's total planted area is 15,939 hectares. In terms of age profiles of the Group's oil palm plantations, 48% of the planted areas are with palms aged between 7 to 20 years old.

AGE PROFILE OF PALMS (AS AT 31 January 2022)



In FY2022, the Group replanted 520 hectares of the plantation estates. Moving forward, considering the current strong CPO price, the management has re-adjusted replanting programme and planned to resume major replanting activity from year 2024 onwards. (page 34 of AR 2022)

- (a) What is the average age of your overall palm trees? Please also provide the breakdown of the average age by states (Johor, Sabah and Sarawak).
- (b) 27% of the planted area (about 4,300 hectares) is over 20 years old. How much of these are way past due or not able to meet the Group’s expectation of FFB yield?
- (c) How many hectares have the Group replanted over the last 6 financial years? Please provide the annual replanted area together with the capex for the respective years.
- (d) What is your target replanting area for FY2023 and what is the estimated capex?

A8. (a) The average age of palm of the estates of the Group and analysed by State location are as follows:

	The Group	Locations by State		
		Sabah	Sarawak	Johor
Average palm age (year)	13	13	13	16

- (b) The average age of palm for these 4,300 hectares is 22 years which is not considered very old or way past due for replanting. The FFB yield is within expectation and the return is still attractive with the current palm oil price. These areas are scheduled for replanting progressively over the next 4 years from year 2024 onwards.

- (c) The Group has replanted nearly 4,000 hectares over the last 6 years. The breakdown of annual replanted area and cost capitalized by financial year are as follows:

Financial Year	Replanted Area Hectares	Cost capitalized * RM'000
2017	200	3,442
2018	150	5,006
2019	600	5,187
2020	1,400	13,285
2021	1,100	16,669
2022	520	14,376
Total	3,970	57,965

* Inclusive of field establishment, maintenance cost and general charges attributable to the replanted immature area.

- (d) There is no replanting program for FY2023. However, a RM10 million budget is provided for maintenance of the existing immature area in FY2023.
- Q9. Considering plantation is still a labour-intensive industry, it is unlikely to operate without manual labour. Therefore, the Group made every effort to manage its operations with limited labour force, and where possible, invest in mechanization and automation in its plantations as well as palm oil milling operations to reduce dependency on labour. The Group has a total workforce of 1,392 as at 31 January 2022, down from 1,480 a year ago. (page 35 and 45 of AR 2022)
- (a) What was the Group's labour productivity in terms of land-labour coverage ratio in FY2022? What are the measures taken to improve labour productivity?
- (b) How many additional workers do you need to run at optimal capacity? Has the Group submitted any proposals to hire foreign workers this year?
- (c) How much additional labour cost per year will the Group incur from the increase in minimum wage from RM1,200 to RM1,500/month?
- A9. (a) In addition to the Group's own employee workforce, we also engage contractors to provide plantation labour where available. The Group's plantation land-labour coverage ratio in FY2022 is 1 worker to about 11 hectares which represents a 15% shortage as compared to the ideal situation. The Group has implemented several measures including revision of pay and providing quality accommodation in order to retain workers and improve productivity.
- (b) The Group would need additional 200 – 250 workers in order to operate the plantation at ideal efficiency. Having said that, the productivity of individual worker is also a very important factor. The Group has submitted application for quota to hire foreign workers but has yet to receive approval from authority.
- (c) We expect the Group would need to absorb at least RM5 million in additional labour costs per year due to the increase in the minimum wage from RM1,200 to RM1,500 per month.

Q10. The Group's net cash position has increased from RM188.16 million in FY2016 to RM344.42 million in FY22 despite spending an average annual capex of roughly RM50 million and paying an average annual dividend of about RM65 million (average dividend payout of 91%) in the last 7 financial years.

What are your plans for the additional RM156.27 million cash accumulated during the period? What is the minimum cash balance that you will be comfortable holding for unforeseen circumstances?

A10. Currently, we do not have plans for expansion save for the intention to set up a palm oil mill in Sarawak. Meanwhile, we are of the view that a minimum net cash balance of RM200 million would be comfortable for the Group for unforeseen circumstances.

Corporate Governance Matters

Q1. Practice 5.9 of the Malaysian Code of Corporate Governance stipulates that 30% of the Board should comprise women. As of FYE 2022, there was no woman director out of the 7 directors on the Board. Does the Company intend to apply Practice 5.9, and if yes, by when?

Please note that all public listed companies on Bursa Malaysia must have at least one woman director by June 2023.

A1. The Board has been taking steps to appoint at least one woman director by the end of 2022.

FORTY-SEVENTH ANNUAL GENERAL MEETING
Wednesday, 27 July 2022
11.00 a.m.

Pertinent questions and answers relating to the Audited Financial Statements of the Company and the Group for the year ended 31st January, 2022 at the Annual General Meeting

- Q1 In view of the CPO price has dropped substantially and with the increase of fertiliser and labour costs during COVID-19, how does the Board plan to mitigate these challenges?
- A1 The CPO price of around RM4,000 per MT is still good as our total cost of CPO production is below RM2,000 per MT. We will continue to control the costs and strive to improve on the FFB production and yield per hectare as well as the oil extraction rate.
- Q2. On page 32 of the Annual Report 2022, the Group booked RM13.27 million fair value losses on derivatives. Does the Group continue to enter into forward contract?
- A2. No. At that time we entered into forward contract last year, the CPO price had increased to above RM4,000 per MT and we did not expect the Russia/Ukraine conflict since February, 2022 and the export restriction policy of Indonesia on palm oil had caused the CPO price to jump to an unprecedented level above RM8,000 per MT in early March, 2022.