

**TOMYPAK HOLDINGS BERHAD**  
Registration No. 199501008545 (337743-W)  
(Incorporated in Malaysia)

MINUTES OF THE TWENTY FIFTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT MERSING ROOM, IMPIANA HOTEL, JALAN IMPIANA SENAI UTAMA 2, TAMAN IMPIANA SENAI, 81400 SENAI JOHOR ON WEDNESDAY, 19 AUGUST 2020 AT 10.00 A.M.

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- PRESENT** : As per attendance sheet
- CHAIRMAN** : The Chairman, Mr Yong Kwet On welcomed all present at the Twenty Fifth Annual General Meeting.
- The Chairman then called the meeting to order upon confirming the presence of the requisite quorum by Secretary.
- NOTICE OF MEETING** : On the proposal of the Chairman and there being no objections from the floor, the Notice convening the meeting which had been circulated on 30 June 2020 was taken as read.
- POLL VOTE** : The Chairman informed the shareholders that all resolutions to be considered at the Meeting will be by way of poll and that the poll voting slips had been given to the shareholders upon registration. The shareholders were informed to cast their votes after all the resolutions have been tabled for consideration.
- The Chairman informed that the representative from Boardroom Share Registrars Sdn. Bhd., being the Poll Administrator, will brief the shareholders on the polling procedures before the casting of vote. The results of the polling would then be announced at the end of this meeting upon the verification by the independent scrutineer, Mr. Chandra Sekran from Messrs Abdullah & Zainuddin.
- LETTER FROM MINORITY SHAREHOLDERS WATCHDOG GROUP (“MSWG”)** : The Chairman informed the shareholders present that the Company had received a letter from MSWG raising queries on the Company’s strategy and financial matters. As had been requested by MSWG, the Chairman read out the questions raised by MSWG and the replies from the Board as per Appendix A enclosed.

**ORDINARY BUSINESS:**

**1. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

The Chairman explained that the Audited Financial Statements for the year ended 31 December 2019, which was included in the Annual Report, which was announced to Bursa Malaysia Securities Berhad and uploaded on the Company’s website on 30 June 2020, would be tabled before the Meeting for discussion only.

The Chairman also informed that in accordance with the provision of Section 340(1)(a) of the Companies Act 2016, the Audited Financial Statements for the year ended 31 December 2019 do not require formal approval of the shareholders and hence is not put forward for voting.

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**ORDINARY BUSINESS:**

**1. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 – continuation**

However, the Board would welcome questions from the shareholders pertaining to the audited financial statements.

The questions from shareholders and responses from Directors were noted as per the Appendix B - Key Matters Discussed at 25<sup>th</sup> AGM attached.

The Audited Financial Statements for the year ended 31 December 2019 together with the Reports of the Directors and Auditors were duly received by the shareholders.

**2. DIRECTORS' FEES OF RM405,000.00 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

The Chairman proceeded to the next item on the agenda, Ordinary Resolution 1 in relation to the approval of Directors' fees of RM405,000.00 for the financial year ended 31 December 2019.

There was no question raised by the members in the Meeting and it was noted that the poll for the said resolution would be conducted later. The Chairman proceeded to the next motion.

**3. DIRECTORS' BENEFITS UP TO AN AMOUNT OF RM120,000.00 FOR THE PERIOD FROM 20 AUGUST 2020 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD IN 2021**

The Chairman informed that the next item on the agenda, Ordinary Resolution 2, was in respect of approval of Directors' benefits to the Directors of the Company and its subsidiaries up to an amount of RM120,000.00 for the period from 20 August 2020 until the date of the next Annual General Meeting of the Company.

There was no question raised by the members in the Meeting and it was noted that the poll for the said resolution would be conducted later. The Chairman proceeded to the next motion.

**4. RE-ELECTION OF RETIRING DIRECTOR, MR YONG KWET ON**

The Chairman informed the shareholders that Ordinary Resolution 3 was in relation to the re-election of himself to the Board of Directors. He then invited another Director, Encik Azmi Bin Arshad ("Encik Azmi") to chair the agenda on Ordinary Resolution 3.

Encik Azmi Bin Arshad proceeded with the tabling of Ordinary Resolution 3 on the re-election of Mr Yong Kwet On who was retiring pursuant to the Company's Constitution.

There was no question raised by the members and it was noted that the poll on the said resolution would be conducted later.

Encik Azmi then passed the chair back to the Chairman for the conduct of the subsequent agenda.

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**5. RE-ELECTION OF RETIRING DIRECTOR, ENCIK AZMI BIN ARSHAD**

Mr Yong took the chair and proceeded with Ordinary Resolution 4, which was to re-elect Encik Azmi, who was retiring as a Director of the Company pursuant to the Company's Constitution.

There was no question raised by the members in the Meeting and it was noted that the poll for the above resolution would be conducted later. The Chairman then proceeded to the next motion.

**6. RE-APPOINTMENT OF RETIRING AUDITORS**

The Chairman informed that the retiring auditors, Messrs KPMG PLT have expressed their willingness to accept re-appointment as auditors of the Company for the financial year ending 31 December 2020 and that the Directors be authorised to determine their remuneration.

As there was no question raised by the members in the Meeting , it was noted that the poll for the above resolution would be conducted later. The Chairman then proceeded to the next motion.

**SPECIAL BUSINESS:**

**7. AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 75 AND 76 OF THE COMPANIES ACT, 2016**

The Chairman proceeded to the next item on the agenda, Ordinary Resolution 6 in connection with the authority to issue and allot shares pursuant to Section 75 and 76 of the Companies Act 2016.

There was no question raised by the members in the Meeting and it was noted that the poll for the above resolution would be conducted later. The Chairman then proceeded to the next motion.

**8. RENEWAL OF SHAREHOLDERS' APPROVAL FOR SHARE BUY-BACK**

The Chairman proceeded to the last item on the agenda, Ordinary Resolution 7, pertaining to the renewal of shareholders' approval for share buy-back.

There was no question raised by the members in the Meeting and it was noted that the poll for the above resolution would be conducted later.

The Chairman invited the representative of the Poll Administrator to brief the members on the polling procedures.

**9. CONDUCT OF POLL**

Before proceeding with the polling, the representative of the Poll Administrator briefed the members on the polling procedures. The Poll Administrator then collected the poll slips from the members after they had casted their votes.

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**9. CONDUCT OF POLL - continuation**

Upon collection of all the poll slips, the Chairman requested the Independent Scrutineer to proceed with the verification and counting of the votes.

The Chairman informed the members that the meeting would resume after 20 minutes.

**10. DECLARATION OF POLL RESULT**

The Meeting resumed at 12:45 p.m. with the requisite quorum being present.

The Chairman called the Meeting to order for the declaration of poll results. He invited the Independent Scrutineer to read out the verified poll results.

The Independent Scrutineer then read out the following poll results of all the 7 resolutions as set out in the notice of the 25th AGM :

Resolution No.	Vote For		Vote Against		Total Votes		Accepted / Rejected
	No. of shares	%	No. of shares	%	No. of shares	%	
Resolution 1	226,173,551	88.4931	29,409,700	11.5069	255,583,251	100.00	Accepted
Resolution 2	136,931,339	82.3196	29,409,700	17.6804	166,341,039	100.00	Accepted
Resolution 3	228,530,351	89.2964	27,392,900	10.7036	255,923,251	100.00	Accepted
Resolution 4	229,647,438	89.3429	27,392,900	10.6570	257,040,338	100.00	Accepted
Resolution 5	229,647,438	89.3429	27,392,900	10.6570	257,040,338	100.00	Accepted
Resolution 6	227,630,638	88.5583	29,409,700	11.4417	257,040,338	100.00	Accepted
Resolution 7	227,630,638	88.5583	29,409,700	11.4417	257,040,338	100.00	Accepted

Based on the results, the Chairman declared that all the resolutions were carried.

**11. TERMINATION**

There being no other business for transacting at the meeting, the Chairman thanked the shareholders for their attendance and declared the meeting closed at 1:05 p.m.

CONFIRMED AND SIGNED AS A CORRECT RECORD

**Mr Yong Kwet On**  
*Chairman*

## **ISSUES RAISED BY MINORITY SHAREHOLDERS WATCH GROUP**

1. The Group recorded a higher net loss of RM11.6 million for financial year ended 31 December 2019 (“FY2019”) (2018: net loss of RM1.9 million) (page 17 of AR2019) and a loss of RM6.4 million for the first quarter, financial period ended 31 March 2020.

(a) When is the Group expected to be profitable?

***With most of the transformation programme near completion, the positive impact particularly with regards to improving sales and marketing and operational improvements has begun to bear positive effects.***

(b) Total rated capacity as at FY2019 was 40,000 metric tonnes per annum (page 16 of AR2019).

What are the current utilisation rates for the plants in Senai and Tampoi? What are the estimated utilisation rates to break even?

***The current utilisation rate is approximately 35% and the breakeven utilisation rate based on current cost structure is estimated at approximately 40%.***

2. Management signed a Conditional Shares Sale and Purchase Agreement to acquire a strategic 51% stake in a small but growing printing company (SP Plastic & Packaging Sdn Bhd) based in Melaka on 11 March 2020 (page 9 of AR2019); the acquisition was completed on 30 July 2020.

(a) What is the current financial performance of SP Plastic & Packaging Sdn Bhd? Please provide brief details.

***For FY ended 30 June 2020, the turnover of SP Plastic & Packaging Sdn Bhd (“SPPlas”), total revenue was RM6.4 million whilst profit before tax was RM0.4 million.***

(b) What are the total liabilities (i.e. short and long term) to be assumed by the Group with the completion of the said acquisition?

***The total liabilities of SPPlas comprised mainly trade payables and bank loan which amounted to RM0.9 million as at 30<sup>th</sup> June 2020. The bank loan was taken to purchase two units of 1.5 storey factory for SPPlas operations.***

(c) What is the expected percentage revenue contribution to the Group, going forward?

***The Group will continue to expand the existing digital printing business of SPPlas whose revenue is expected to be approximately 3-4% of total revenue for year-end 30<sup>th</sup> June 2021.***

3. Non-audit fee of RM95,000 (2018: RM19,000) increased 5 times as compared to the previous year (Note 17, page 100 of AR2019).

What is the purpose and nature of these non-audit fees?

***The additional non-audit fees incurred in FY 2019 was because of the quarterly results review performed by the External Auditor as required by Bursa.***

4. Revenue contribution from local customers decreased to RM70.3 million (2018: RM101.2 million) and revenue contribution from a major customer under local market segment decreased to RM20.7 million (2018: RM48.0 million) (Note 20, page 102 of AR2019).

(a) Was there any major loss of contract from local customers?

***There was a decrease in order from a major local customer in FY 2019. This was however mitigated to a certain extent by an increase in revenue from overseas customers.***

(b) Does the Group expect the declining trend of revenue contribution from local customers to continue, going forward?

***The Group expects overseas customers demand to be stronger.***

5. Nestle is driven by its global ambitions which is to make 100% of its packaging recyclable or re-usable by 2025.

a) To what extent has this impacted the demand for the Group's packaging materials?

***The Group continues to work with our major customers in developing new environmentally friendly packaging materials.***

(b) What is the Group's ability when it comes to producing recyclable packaging materials?

***The Group has sufficient dedicated R&D resources to continuously work with major customers to develop new product structures.***

6. How does the Group view the competition landscape amongst the manufacturers of flexible packaging materials and recyclable packaging materials?

***The Group views the recent changes in the industry positively.***

7. How has the Covid-19 pandemic and the lockdown in Malaysia as well as in other countries impacted the Group's supply chain, customers' demand and collection from trade receivables?

***The supply chain was disrupted for short period. However, this is back to normal.***

***The Group has been dealing mainly with MNCs and the collection from trade receivables has not been an issue.***

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**SUMMARY OF KEY MATTERS DISCUSSED AT 25TH ANNUAL GENERAL MEETING HELD ON 19TH AUGUST 2020 (“AGM”)**

**A. ISSUES RAISED BY THE MINORITY SHAREHOLDERS WATCHDOG GROUP (“MSWG”) VIA MSWG’S LETTER DATED 12 AUGUST 2020**

The Board of Tomypak provided clarifications on the issues raised by MSWG to the shareholders present at the AGM as per Appendix A enclosed.

**B. QUESTIONS RAISED BY SHAREHOLDERS PRESENT AT THE AGM**

Q1. When does the Company expect to turn profitable?

*(Summarized enquiries and comments raised by the shareholder: Mr. Yap Chee Keong)*

The Chairman replied that given the current Pandemic and the consequent economic downturn, it is difficult to fix a timeframe for the Company to turn profitable. He also pointed out to the members present at the AGM that the quarterly financial results for the second quarter ended 30 June 2020 (“Q2 2020”) which was announced on the 18<sup>th</sup> of August 2020 showed that the Company has made profit for the said quarter. Moving forward, the Chairman assured that the Board will continue to enhance its effort to improve the financial performance of the Company.

Q2. What attributed to the eight quarters of losses and the last quarter’s profit?

*(Summarized enquiries and comments raised by the shareholders: Mr Yap Chee Keong, Mr Chew Hon Choy)*

The Chairman replied that the eight quarters of losses which started in year 2018 was largely due to the loss of a major customer in Philippines the sales to whom contributed about 23% of the Company’s revenue and 30% of its profits. At about the same time the Company had commenced on the construction of its new factory. Upon the completion of the new factory, the depreciation cost increased significantly as compared to earlier years when the Company operated only from its old factory in Tampoi. For the past eight quarters, the Board had been implementing the Company’s transformation program to ensure better processes, enhance IT systems, reduce costs, increase revenue by securing new sales as well as improving sales to existing customers and finally regaining orders from the customer in Philippines. The aforesaid efforts have resulted in better performance and a profitable second quarter for financial year ending 31 December 2020 (“FY 2020”).

Mr Tan See Yin further commented that the results for the Q2 2020 has shown a profit mainly due to the increase in revenue by RM5 million and improved contribution margin as compared to the first quarter (“Q1 2020”) and those achieved in prior years. The Q1 2020 results were adversely affected by the COVID-19 pandemic where the Company’s products were not able to be exported. In Q2 2020, the contribution margin improved as a result of the transformation program that assisted in closely monitoring the efficiency of raw materials usage and reduction in wastages to control the raw materials consumption cost.

Q3. Based on a report by “The Edge” in July 2020 on the packaging industry, Scientex Berhad, SCGM Berhad (“SCGM”), Thong Guan Industries Berhad (“Thong Guan”) and Tomypak are leaders of the said industry. It was highlighted that out of these four companies, Tomypak was the only company not making profit and, not paying dividends to the shareholders. What are the reasons that Tomypak is falling behind these companies?

*(Summarized enquiries and comments raised by the shareholder: Mr Chew Hon Choy)*

Mr Lim Hun Swee (“Mr Lim”), the Managing Director (“MD”) replied that Thong Guan and SCGM produces different type of packaging materials from Tomypak. Tomypak mainly produces film flexible packaging whereas Thong Guan produces stretch films, PVC films, additives, polymer processing aid, plastic packaging, etc. Mr Lim further highlighted that Thong Guan is one of

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Tomypak’s suppliers while SCGM is a food packaging producer for vegetables and fruits. Hence, the market for the aforesaid packaging products are different from Tomypak’s flexible packaging products which are customised packaging products which are similar to Daibochi Berhad (“Daibochi”) and Mega Packaging Corporation (“Mega”). Noted that Mega is a subsidiary of Daibochi.

- Q4. Shareholders are not satisfied that the Company has been making losses for the past 2 years with no return and weak market share price. Noted that the Managing Director, Mr Lim Hun Swee has been acquiring the Company’s shares and remarked that shareholders have been receiving calls offering to purchase their shares and questioned if there is any plan for a hostile takeover. *(Summarized enquiries and comments raised by the shareholder: Mr Chew Hon Choy)*

The Chairman, Mr Yong Kwet On commented that the Company is unable to verify if there were such calls made to shareholders and highlighted that the shareholdings of the largest shareholder, namely New Orient Resources Sdn. Bhd. remained unchanged.

- Q5. Based on the Company’s reply to MSWG’s query, it was understood that the increase in audit fees was mainly due to the review of quarterly results by KPMG as directed by Bursa Securities Malaysia Berhad (“Bursa”). Why did Bursa issue such a directive to Tomypak? *(Summarized enquiries and comments raised by the shareholder: Mr Yap Chee Keong)*

Mr Tan See Yin, the Executive Director replied that in 2018, amendments were made to the quarterly financial results announcement due to adjustments on the deferred tax in relation to reinvestment allowances and subsequently, an amended announcement was made to Bursa. Arising from the aforesaid, Bursa directed that the Company’s quarterly financial results be reviewed by the external auditors, M/s KPMG PLT for the four subsequent quarters prior to being announced. Mr Tan See Yin further clarified that Profit Before Tax for the particular quarters in question was not affected.

- Q6. The Board is supposed to be aware that the relevant quarterly announcements should be accompanied with the auditors’ certificate. However, the Q1 2020 quarterly results announced to Bursa was without the auditors’ certificate and subsequently an amended announcement was made to include the auditors’ certificate. Why was the said certificate omitted in the first announcement? *(Summarized enquiries and comments raised by the shareholder: Mr Yap Chee Keong)*

The Company Secretary replied that the omission was due to a technical error in appending and uploading the relevant quarterly announcements and which error of omission occurred during the online submission of the announcement. The omission was detected on the same day. However, as it was past the allowed announcement time for the day, an amended announcement was made the next market day. A note was provided in the amended announcement that there were no changes made to the figures in the quarterly results previously announced and that the only ‘amendment’ was to attach the auditors’ certificate.

- Q7. What contributed to the continuous financial losses? In comparison to other similar industry players such as Daibochi, Tomypak was not making profit whereas Daibochi made a profit of approximately RM15 million during the Covid-19 global pandemic. Does the Board of Directors consider that Tomypak is being led by an incompetent MD and consider engaging services of expert in this industry? *(Summarized enquiries and comments raised by the shareholder: Mr Chia Chin Hin)*

Mr Lim Hun Swee, the Managing Director (“MD”) replied that Daibochi’s operation with a turnover of RM400 million is much larger than Tomypak which has a turnover of RM40 million for Q2 2020.



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Daibochi recorded a profit of RM15 million for Q2 2020 which included the contribution from their subsidiary, namely Mega. Tomypak incurred significant increase in depreciation and capital expenditure due to the investment in new factory which affected the Company's profitability. In view of the aforesaid, the strategy of the Company has been to emphasize on increasing sales and constantly engaging with potential clients which may takes up to years to materialise.

The MD also responded that if the shareholder in question believes that the MD is incompetent then the shareholder should increase its shares in the Company and replace the current MD with a substitute who in his opinion will make the Company profitable where he (Mr Lim), being a substantial shareholder, would then enjoy the dividend pay-outs.

- Q8. Credit was given to the Management for paying off a substantial amount of the long term borrowing. Highlighted that the other industry players such Scientex, Daibochi, Thong Guan, SLP Resources, SCGM, etc. make profits, but Tomypak has incurred losses. What contributed to the continuous losses of the Company? Based on the replies to MSWG's enquiries, the breakeven point is when the Company achieves a margin contribution rate of 40%. To explain the reason for the Company's last quarter's profit of RM4 million despite having a margin contribution rate was of only 35%. Is the Company also expecting an increased utilisation rate up to 60%-70% by end of the year? What is the outlook or forecast of the Company for the next half year?  
*(Summarized enquiries and comments raised by the shareholder: Mr Teo Pui Meng)*

The Chairman replied that the main contribution factor to the continuous losses of the Company has been addressed in earlier discussions.

The Chairman replied that margin contribution at 40% is the computed breakeven rate. However, the reduction in wastage and improved efficiency resulting in the reduction of cost led to an improved margin contribution and profitability for Q2 2020. The orders booked for the last quarter was much better than the corresponding quarter of last year.

Mr Tan See Yin highlighted that during the movement control order (“MCO”), the Management had taken the opportunity to conduct virtual discussions with 3 major customers of Tomypak. The said customers have agreed to give firmer forward forecast to enable Tomypak to plan for production and purchase of raw materials at more competitive prices. Based on the current order received and forecast, the Company has to-date achieved a total revenue amounting to approximately 70%-80% of last year's revenue.

The Chairman replied that to achieve a utilisation rate of 60%-70% by end of the year would be an uphill task as the new factory was built to cater for the Company's growth for at least another 15 years. The Company has drawn up a long term 7 years strategic plan to increase its revenue and utilisation rate.

- Q9. Based on the Key Matters of year 2017 and 2018, the Company's expansion / transformation program should not be a contributing factor to its losses. Hence, there are other contributing factors such as inability of the Management to increase sales performance and persons-in-charge are to be held responsible for the Company's losses. Based on the Annual Report, it is stated that the Managing Director together with the Executive Directors are overall responsible for the performance of the Company. Under the Managing Director's profile, it is stated that the Managing Director has contributed to the overall profitability of the Company. How did the Managing Director enhance the profitability of the Company? Why is the Management unable to replace the lost customers? Is the poor performance of the Company due to incompetence of the Managing Director? Remarked that there is a difference between being a shareholder and being in the management of the Company. Therefore, not necessary the larger shareholder will be appointed as the MD as suggested earlier by the MD.  
*(Summarized enquiries and comments raised by the shareholder: Ms Yim Yoke Yee)*

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Mr Lim pointed out that his main responsibility is with regard to the operations of the Company. Mr Lim was appointed as Executive Director in 2014 where the Company operated from its old plant in Tampoi equipped mostly with old machineries. Mr Lim said that the profitability of the Company improved since 2014 up to 2017 after he initiated some transformation programs. He noted that the dividends were paid on a quarterly basis to shareholders from the year 2014 to 2016. In 2017, the Company embarked on its expansion plan to build a new factory in Senai and acquisition of new machineries as older machineries incurred higher maintenance cost as well as higher materials and utilities consumption. Almost 40% of the machineries were new and it took about 6 months to install the machineries and another 3-4 months to do a trial run. The Management is constantly working towards achieving profits and hopes to reward the shareholders with dividends. The Management has also been diligently working to improve the production efficiency and reducing cost to improve contribution margin. The Company has also implemented a hybrid ‘System Applications and Products in Data Processing’ (“SAP”) to monitor daily production, materials usage and to reduce wastages.

- Q10. Highlighted that the sales of the Company have been on a downtrend since 2016 to 2019 as it seems that marketing efforts have not been successful. Prior to embarking on the Company’s expansion plan which includes the construction of a new factory, the Investment and Development Committee (“IDC”) and Risk Management Committee would have reviewed the expansion plan including CAPEX plan and revenue projections, assessed the possible risks involved and the mitigating plans. Hence, to explain what has occurred resulting in the unfavourable financial results of the Company after the expansion plan as the Company cannot take its time to fill up its capacity slowly at the expense of the shareholders. The other industry player, Daibochi has not failed to achieve compounded revenue growth and to give dividends. Daibochi and Tomypak have about 80% similarity in customer base with the same operating parameters.

(Summarized enquiries and comments raised by the shareholders: Ms Yim Yoke Yee, Mr Yap Chee Keong)

Mr Lim Hun Swee replied that the Board members have deliberated and gave their respective input on the Company’s expansion plan. The new factory and the machineries invested are not for short term but rather for future long-term plan. The Management is fully aware and understands that new sales must be sourced to increase revenue and one of the steps taken was to acquire SP Plastic & Packaging Sdn. Bhd. (“SP”) to create new market penetration with SP’s existing sales team. The Management strongly believes that sales would be improved soon.

The Chairman replied that IDC was formed with the main intention of overseeing the Company’s investment and procurement decisions. The IDC had requested the Management to present a 7-year strategic plan to ensure the appropriate utilisation of the new plant. The 7-year strategic plan is reviewed and updated periodically to be reflective of and relevant to the current business environment. The IDC continues to monitor the Management’s performance to ensure that sales are improved, or the budgeted sales are met. The Chairman highlighted that recruitment of marketing or sales personnel for this industry is challenging. The Company had recruited a new sales team about one and half years ago targeting mainly the international market but to-date they have not performed well.

- Q11. Noted that the date of establishment of IDC was reported differently in various parts of the Company’s 2019 Annual Report.

(Summarized enquiries and comments raised by the shareholder: Mr Yap Chee Keong)

The Development Committee (“DC”) was established in year 2015. It was subsequently renamed as Investment and Development Committee (“IDC”) in February 2016 to undertake other investment plans to include review and recommendations to the Board for approval or otherwise

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of any potential collaboration, mergers or acquisitions and other key strategies developed by the Tomypak Group for its future growth.

- Q12. What is the future plan of Tomypak and how are the sales recognised (in the accounts)?  
*(Summarized enquiries and comments raised by the shareholders: Mr Teo Pui Meng, Mr Chew Hon Choy)*

As mentioned earlier, the Company had lost substantial revenue due to the decreased sales to Philippines in the year 2017 to 2018. However, Mr Tan See Yin reported since 2019 the sales to Philippines have improved significantly and currently, the orders received by the Company have exceeded the previous sales record to Philippines in the 2 earlier years. The orders for year-to-date is approximately RM15 million. The Management is also actively engaging with potential and new customers from Japan, etc. to improve sales and to increase competitiveness in the market.

The sales are recognised when the products are delivered / transferred to customers. In addition, finished goods produced according to orders received (but not delivered) as of quarter end will also be recognised as revenue to be in line with the accounting standard, MFRS 15, effective from 1 January 2018. Thus far, based on the actual to-date amount, the Company has achieved about 88% of last year turnover. The Management strongly believes that the turnover would improve this year as compared to last year.

- Q13. What was the purchase price for SP? Was there any profit guarantee given by SP’s vendors and was there any collateral given?  
*(Summarized enquiries and comments raised by the shareholders: Mr Chew Hon Choy, Mr Yap Chee Keong)*

The Chairman replied that the consideration for the acquisition of SP was RM1.2 million and subsequently revised to RM1.6 million as announced on 27/7/2020. The consideration for the acquisition was satisfied using the Company’s treasury shares. There was no change in the number of treasury shares to be issued to SP’s vendors despite the higher amount of consideration as the quoted price of treasury shares had also increased.

SP’s vendors furnished a higher profit guarantee to the Company than the original agreed amount but no security/collateral was provided. The Management oversees the operations of SP and any major decisions would require prior approval by the Board of Tomypak.

- Q14. Noted that the administrative expenses constituted 52% of the total operating cost of the Company whereas the sales and marketing constituted about 30%. Please clarify what expenses were included in the administrative expenses.  
*(Summarized enquiries and comments raised by the shareholder: Mr Chow Zee Neng)*

Mr Tan See Yin replied that the administrative expenses included: (1) the expenses incurred by the corporate activities of the Group including salaries and related expenses of the various departments such as Procurement, Finance and Administration, Human Resource and (2) expenses incurred at holding company including Directors fees and related payments to Bursa, professional fees, printing cost of annual reports, etc.

- Q15. The day in the notice of AGM of the printed Annual Report was stated wrongly. The Company to ensure accuracy and exercise due care in reporting.  
*(Summarized enquiries and comments raised by the shareholder: Mr Yap Chee Keong)*

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**SUMMARY OF KEY MATTERS DISCUSSED AT 25TH ANNUAL GENERAL MEETING HELD ON 19TH AUGUST 2020 (“AGM”)**

The Secretary replied and confirmed that the day was stated correctly in the softcopy of the Annual Report which was uploaded to Bursa’s website on 30 June 2020 and in the AGM notice advertised in the newspaper on 30 June 2020. Based on further confirmation by Management, the said error in the printed Annual Report was due to the printer’s oversight despite being informed by the Management to make the correction prior to printing.

- Q16. The Board should explore and source for suitable candidates from the field on finance, sales, production and technical for the position of Executive Directors to the Company to raise the greater heights. As the Managing Director is the most senior full time Executive in the Company, to clarify if Mr Lim Hun Swee is full time Executive Director of Tomypak and did he also serve as an Executive Director of Johore Tin Berhad? Is the Board or Audit Committee aware of the aforesaid arrangement? If yes, is the aforesaid arrangement a non-compliance with the recommendations of good corporate governance and any possible legal implication? Also, the Board is to be held responsible for making Mr Lim pays his Johore Tin salary to Tomypak. Is Mr Tan See Yin a full time employee of the Company?

*(Summarized enquiries and comments raised by the shareholder: Mr Yap Chee Keong)*

Mr Lim Hun Swee replied that he is currently a full time Executive Director (Managing Director) of Tomypak and had resigned as Executive Director of Johore Tin Berhad in October 2019.

The Chairman replied that he was not aware if Mr Lim Hun Swee had drawn a full time salary from Johore Tin Berhad while the Audit Committee Chairman, Encik Azmi said that he joined the Board last year and had not seen the service contract of Mr Lim. Encik Azmi will check on matters in relation to the said service contract to ascertain whether there has been any breach of terms in relation to holding such executive positions in both Tomypak and Johore Tin.

In reply to the enquiry by the shareholder, Mr Tan See Yin affirmed that he is currently a full time Executive Director of Tomypak.

- Q17. Noted no disclosure in the director’s profile that Mr Lim Hun Swee is also a substantial shareholder. With reference to the profile of Key Senior Management (“KSM”) in the Company’s 2019 Annual Report and the requirement under Appendix 9C of the Main Market Listing Requirements, in particular Part A (4) and (4A), noted there was no disclosure of KSM who reports to the Executive Directors. The MD lacked direct experience in the printing and packaging industry to bring the Company to the next level and the Board need to recognise the aforesaid and warrant a change. The Independent Directors need to exert their stand to bring about changes for the better. As understood, that Mr Lim Hun Swee, the MD participated in an international trade exhibition with a family member at the expense of the Company. MD should always look out for the interest of the Company and not for his own interest. The Audit Committee to investigate if there are such unauthorised expenses. With reference made to Page 51 & 52 of the Company’s 2019 Annual Report, noted the downtrend in revenue and profitability and yet the directors’ benefit has increased. Emphasized that due care must be exercised by the Nomination and Remuneration Committees in assessing the performance and remuneration package of the Directors.

*(Summarized enquiries and comments raised by the shareholder: Mr Yap Chee Keong)*

The Chairman responded that there was no change in the Directors’ fee paid. Adjustment has been made to the remuneration of Mr Tan See Yin as he was appointed as a full time employee of the Company in year 2016. The Board took note of other comments by Mr Yap.

- Q18. The obsolete and slow-moving stocks in the Company due to finished goods with quality issues and production overruns should be written off as the stocks were custom-made based on customers’ request and there is no reason to accumulate the amount in the inventories. The

**TOMYPAK HOLDINGS BERHAD (“TOMYPAK” OR “THE COMPANY”)**

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auditors were requested to explain on the provision on obsolete and slow-moving stocks. If the provision on stocks is adequate, it should not be disclosed as a key audit matter.

*(Summarized enquiries and comments raised by the shareholder: Mr Yap Chee Keong)*

KPMG replied that the obsolete and slow-moving stocks has been included as a key audit matter and relevant audit procedures performed are communicated in the auditors’ report. The management has made adequate provision for obsolete and slow moving stocks and the provision amount is stated in the financial statements.

Q19. Requested the Board to report on the status of the proposed disposal of the Tampoi premises.

*(Summarized enquiries and comments raised by the shareholder: Mr Chew Hon Choy)*

Mr Lim Hun Swee replied that currently, the Tampoi factory is still in operation with minimal production. The remaining period of the lease for the Tampoi factory is 14 years. The Company has applied to the relevant authority to extend the lease for a further 60 years. Upon obtaining the approval for extension of lease, the Company will then proceed to value the property based on the extended lease. The Company has received enquiries from potential buyers on the said land but has not committed to any sale arrangement.

Q20. Noted that the Company is lacking in public and investor relations, innovation and encouraged the Company to provide more forward information such as forecast and future rather than merely historical data.

*(Summarized enquiries and comments raised by the shareholders: Mr Chew Hon Choy, Mr Teo Pui Meng)*

The Board took note of the matter raised by the shareholder for future improvement.