

KNM GROUP BERHAD  
521348-H  
(Incorporated in Malaysia)

MINUTES

MINUTES OF THE SEVENTEENTH (17<sup>th</sup>) ANNUAL GENERAL MEETING (“MEETING”) OF KNM GROUP BERHAD DULY CONVENED AND HELD AT PARAMESWARA ROOM, LEVEL 2, PHILEA MINES BEACH RESORT, JALAN DULANG, MINES RESORT CITY, 43300 SERI KEMBANGAN, SELANGOR DARUL EHSAN, ON WEDNESDAY, 19 JUNE 2019 AT 10.00 A.M.

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- Present : (1) The Board of Directors comprising:-  
Dato’ Ab Halim bin Mohyiddin  
Ir. Lee Swee Eng  
Dato’ Dr Khalid bin Ngah  
Mdm. Soh Yoke Yan  
Mdm. Gan Siew Liat
- (2) 77 members (80,972,752 shares) present in person  
(3) 80 proxies (494,380,002 shares)  
(4) 32 members appointed the Chairman as their proxies (138,878,997 shares)
- Invitees : (1) Mr. Terence Tan Koon Ping, Group Finance Director/Chief Financial Officer  
(2) Messrs KPMG (Represented by Mr. Foong Mun Kong, Ms. Yam ZeMing, Ms. Chen See Mei and Ms. Laavanya Venkatramanan)  
(3) Messrs Bahari & Bahari (Represented by Encik Mohd Rizal Bahari bin Md Noor)  
(4) Messrs Boardroom Share Registrars Sdn Bhd (Represented by Encik Aznal bin Abd Majid, Encik Mohd Azuan B. Shakry, Cik Amira Natasha, Encik Dzulkarnaen, Encik Muhammad Faris B. Iskandar and Encik Mokhzani)  
(5) Messrs Boardroom Corporate Services Sdn Bhd (Represented by Ms. Lim Huey Teng, Cik Ms Farah Nadiah and Ms. Ms Rachel Yap)
- Chairman : Dato’ Ab Halim bin Mohyiddin
- In attendance : Mr. Jason Minos Anak Peter, Company Secretary
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**1. CALL TO ORDER**

The Chairman, Dato’ Ab Halim bin Mohyiddin welcomed all members present to the Meeting of the Company. Upon confirmation that a quorum was present, the Chairman then proceeded to call the Meeting to order.

**2. NOTICE CONVENING THE ANNUAL GENERAL MEETING**

The Notice convening the Meeting as set out in the Annual Report 2018 on pages 3 to 8 was taken as read.

### **3. INTRODUCTION OF BOARD MEMBERS, SECRETARY AND ADVISERS**

Dato' Chairman introduced the Board members, the Group Finance Director/Chief Financial Officer ("Group FD/CFO") and the Group Company Secretary, to the shareholders at the Meeting.

### **4. MEETING PROCEDURES**

Dato' Chairman confirmed that eight (8) Ordinary Resolutions and one (1) Special Resolution would be tabled before the shareholders during this Meeting, and in compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements, voting would be decided by poll for every shares held by the members present, including his/her representative or proxy duly appointed.

It was noted that Boardroom Share Registrars Sdn Bhd ("Boardroom") has been appointed to act as the Poll Administrator to conduct the e-polling process and Boardroom Corporate Services Sdn Bhd ("Boardroom Corporate") as the Independent Scrutineers to verify the poll results.

The Chairman declared that voting for all the Resolutions by poll would be carried out accordingly after all items to be transacted at the Meeting have been discussed. The Chairman then proceeded with proceedings of the Meeting.

### **5. RECEIPT OF AUDITED FINANCIAL STATEMENTS AND THE REPORTS OF THE DIRECTORS AND AUDITORS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

The 1<sup>st</sup> item on the Agenda was to receive the Audited Financial Statements and the Reports of the Directors and Auditors for the financial year ended 2018.

Before the Chairman proceeded with the 1<sup>st</sup> item on the Agenda and at the invitation of the Chairman, Mr. Terence Tan Koon Ping, the Group FD/CFO presented and updated the shareholders on the following major projects of the Company:-

- (a) Peterborough Green Energy Project in United Kingdom ("PGE Project"); and
- (b) Bio-Ethanol Plant Project in Thailand ("IEL Project").

The updates and presentations by the GFD/CFO were duly noted by the members present and before the following resolutions were put to the Meeting, the floor was opened to the members for their comments and views.

Accordingly thereafter, the Chairman, Ir. Lee Swee Eng, the Group Chief Executive Officer/Executive Director ("Group CEO/ED") and Group FD/CFO of the Company proceeded to answer such queries posed by members of the floor who had expressed their comments, queries and concerns on the above Projects and the Company's affairs together with financial performance as stated in the Annual Report 2018.

Members' queries, comments and criticisms highlighted other various issues/subjects including *inter alia*, the following matters raised:-

- commencement date, carrying value, running cost of maintaining and financing cost the PGE Project;
- the applicable waste to energy technology to be applied by the PGE Project;
- status of the appointed contractor and construction updates for the PGE Project;
- recent losses as reported in the Company's Audited Financial Statements for the financial year ended 2018 and factors attributable to the said losses;
- issues and explanation relating to provisions of impairment and deferred tax;

- issues and clarification related to the utilisation of proceeds raised from the Company's recently completed private placement exercise in May 2019;
- determination of bio-ethanol pricing for the IEL Project;
- potential declaration of dividend by the Company since its last dividend payment for financial year ended 31 December 2010;
- issues relating to concerns and avenue in reducing the Group's high interest and financial cost;
- possible monetisation via listing or disposal of Borsig Group based on the current valuation on an independent basis;
- the Company's strategy in approaching and participating in Malaysia's Waste to Energy projects;
- concerns on the remuneration package for executive directors despite the Group's poor financial performance and any possibility of adjustment based on performance;
- impact of the implementation of electric or solar-energy motor vehicles on the ethanol business of the Group; and
- current and potential increase in the Company's share price in the future depending on performance moving forward.

The queries and issues above were all duly noted. The Chairman frankly replied and gave such reasons/explanations wherever required, to the members present. The Group CEO/ED and Group FD/CFO were at hand to assist the Chairman in answering the same and gave appropriate replies to the queries and comments raised by shareholders in the Meeting.

After the above briefings and Q&A session with the shareholders present had ended, and as no further questions were raised, the first item on the Agenda was unanimously received by the members.

The Chairman informed that all the remaining resolutions for Agenda 2 to 9 will be voted via e-polling. Hence, the proposers and seconders to each of the motions presented will be gathered first before e-polling commences thereafter.

**6. ORDINARY RESOLUTION 1 -  
RE-ELECTION OF DATO' AB HALIM BIN MOHYIDDIN AS DIRECTOR**

Next item on the Agenda was to re-elect Dato' Ab Halim bin Mohyiddin, who retires by rotation in accordance with Article 127 of the Company's Constitution, and being eligible, offered himself for re-election.

Dato' Ab Halim bin Mohyiddin declared his interest and duly abstained from the deliberation of this motion. Dato' Ab Halim then handed over the Chairmanship of the Meeting to Ir. Lee Swee Eng to continue with the proceedings.

The motion was duly proposed by Mr. Ng Boon Su and seconded by Mr. Chew Fun Sing.

Upon conclusion of the resolution, Ir. Lee Swee Eng thereafter, handed over the Chairmanship of the Meeting and Dato' Ab Halim bin Mohyiddin then proceeded to resume and continue the Meeting's proceedings as its Chairman.

**7. ORDINARY RESOLUTION 2 -  
RE-ELECTION OF MADAM GAN SIEW LIAT AS DIRECTOR**

The item no. 2(b) on the Agenda was to re-elect Madam Gan Siew Liat, who retires by rotation in accordance with Article 127 of the Company's Constitution, and being eligible, offered herself for re-election.

The motion was duly proposed by Mr. Yap Lee Har and seconded by Mr. Soong Wee Woon.

**8. ORDINARY RESOLUTION 3 -  
DIRECTORS' FEES AND BENEFITS 2018**

Item no. 3 on the Agenda was to approve the payment of Directors Fees and Benefits of RM1,161,782.00 for the financial year ended 31 December 2018.

The motion was duly proposed by Ms. Wong Lay Fong and seconded by Mr. Soong Wee Woon.

**9. ORDINARY RESOLUTION 4 -  
RE-APPOINTMENT OF AUDITORS**

Item no. 4 on the Agenda was to re-appoint Messrs KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

The motion was duly proposed by Ms. Tee Chew Lay and seconded by Mr. Chew Fun Sing.

**10. SPECIAL BUSINESS – ORDINARY RESOLUTION 5 -  
RETENTION OF DATO' AB HALIM BIN MOHYIDDIN AS INDEPENDENT  
DIRECTOR**

Item no. 5 on the Agenda was to retain Dato' Ab Halim bin Mohyiddin as an Independent Non-Executive Director of the Company and to hold office until conclusion of the next AGM.

The Chairman, Dato' Ab Halim bin Mohyiddin declared his interest and duly abstained from the deliberation of this motion. Dato' Ab Halim then handed over the Chairmanship of the Meeting to Ir. Lee Swee Eng to continue with the proceedings.

The motion was duly proposed by Mr. Ng Boon Su and seconded by Ms. Francisco MA Lourdes Liwanang.

Upon conclusion of the resolution, Ir. Lee Swee Eng thereafter, handed over the Chairmanship of the Meeting and Dato' Ab Halim bin Mohyiddin then proceeded to resume and continue the Meeting's proceedings as its Chairman.

**11. SPECIAL BUSINESS – ORDINARY RESOLUTION 6 -  
AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 75 OF THE  
COMPANIES ACT, 2016**

Item no. 6 on the Agenda was to empower Directors to allot and issue shares up to 10% of the total number of issued shares of the Company.

The motion was duly proposed by Mr. Cheong Kok Ming and seconded by Ms. Chong Huei Ming.

**12. SPECIAL BUSINESS – ORDINARY RESOLUTION 7 -  
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY BACK**

Item no. 7 on the Agenda was to renew shareholders' mandate obtained at last year's AGM for the Directors to buy back the shares of the Company up to 10% of the Company's total issued and paid up capital.

The motion was duly proposed by Ms. Wong Lay Fong and seconded by Ms. Kew Peck Chean.

**13. SPECIAL BUSINESS – ORDINARY RESOLUTION 8 -  
PROPOSED SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY  
TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED  
RECURRENT RPTs”)**

Item no. 8 on the Agenda was to empower the Directors to enter into Recurrent RPTs which are necessary for the Group’s day-to-day operations pursuant to paragraph 10.09 of the Listing Requirements and Practice Note 12.

Details of the Recurrent RPTs have been set out in section 2.4 on pages 8 to 10 of the Circular to Shareholders dated 30 April 2018.

The following major shareholders and Directors and persons connected with them declared that they would abstain from voting on the Proposed Recurrent RPTs Mandate:

1. Ir. Lee Swee Eng
2. Mdm. Gan Siew Liat
3. Inter Merger Sdn Bhd
4. Tegas Klasik Sdn Bhd
5. Aveda Assets Capital Inc.
6. Sara Lee Mei Ching
7. Sarita Lee Mei Ling

The motion was duly proposed by Mr. Chew Fun Sing and seconded by Ms. Francisco MA Lourdes Liwanang.

**14. SPECIAL RESOLUTION 1 -  
PROPOSED ADOPTION OF NEW CONSTITUTION**

Item no. 9 on the Agenda was to approve the proposed adoption of the new Constitution for the Company.

Dato’ Chairman explained that details of the proposed new Constitution have been circulated to the shareholders via Appendix A dated 30 April 2019 that was sent together with the Annual Report 2018. Further to this, the Special Resolution 1 shall be passed by a majority of not less than three-fourths (namely 75%) of the members present and voting.

The motion was duly proposed by Ms. Cheah Soon Heng and seconded by Ms. Yap Lee Har.

**15. ANY OTHER BUSINESS OF WHICH DUE NOTICE HAVE BEEN GIVEN**

The Company Secretary confirmed that no notice to transact any other business at the Meeting had been received.

Thereafter, the Chairman further proceeded to request for an e-polling to be carried out by Boardroom on all the resolutions to be tabled at the meeting, in compliance with the Bursa Malaysia Securities Berhad’s Main Market Listing Requirements.

**16. VOTING BY E-POLLING**

A 30-minute break was then declared by the Chairman to facilitate the e-polling for all the above

eight (8) proposed ordinary resolutions and one (1) special resolution to be voted upon at the Meeting. Members were briefed by the Poll Administrator, Encik Aznal Abdul Majid from Boardroom on the e-polling procedures and representatives from Boardroom assisted with the voting process; whilst representatives from Boardroom Corporate, the Independent Scrutineers were present to monitor the e-polling process.

The meeting was accordingly stood down at 11.10 a.m. and shareholders/proxies proceeded to cast their votes by way of e-polling. Thereafter, the results of the e-polling were checked, verified and confirmed by the Independent Scrutineers and announced about half an hour later, as follows:-

	Ordinary Resolution 1		Ordinary Resolution 2		Ordinary Resolution 3	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
In Favour	554,413,248	97.796596	547,852,448	97.776329	567,608,908	99.69585
Against	12,491,195	2.203404	12,459,495	2.223671	1,731,635	0.304147
<b>Total</b>	<b>566,904,443</b>	<b>100.0000</b>	<b>560,311,943</b>	<b>100.0000</b>	<b>569,340,543</b>	<b>100.0000</b>
Abstention	2,452,500	0.430746	9,045,000	1.588624	-	-

	Ordinary Resolution 4		Ordinary Resolution 5		Ordinary Resolution 6	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
In Favour	569,261,468	99.982599	554,411,998	97.795755	569,119,868	99.96124
Against	99,075	0.017401	12,496,045	2.204245	220,675	0.038760
<b>Total</b>	<b>569,360,543</b>	<b>100.0000</b>	<b>566,908,043</b>	<b>100.0000</b>	<b>569,340,543</b>	<b>100.0000</b>
Abstention	-	-	2,452,500	0.430746	-	-

	Ordinary Resolution 7		Ordinary Resolution 8		Special Resolution 1	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
In Favour	569,260,218	99.982379	247,110,271	99.959923	569,261,468	99.98259
Against	100,325	0.017621	99,075	0.040077	99,075	0.017401
<b>Total</b>	<b>569,360,543</b>	<b>100.0000</b>	<b>247,209,346</b>	<b>100.0000</b>	<b>569,360,543</b>	<b>100.0000</b>
Abstention	-	-	322,151,197	56.58122		

With the requisite majorities for passing of all the eight (8) ordinary resolutions and one (1) special resolution having been attained, the following resolutions were then declared as carried:-

ORDINARY RESOLUTION 1      **“RESOLVED THAT** Dato’ Ab Halim bin Mohyiddin, a Director retiring at the Annual General Meeting by rotation in accordance with Article 127 of the Company’s Articles of Association, be and is hereby re-elected as Director of the Company.”

ORDINARY RESOLUTION 2      **“RESOLVED THAT** Madam Gan Siew Liat, a Director retiring at the Annual General Meeting by rotation in accordance with Article 127 of the Company’s Articles of Association, be and is hereby re-elected as Director of the Company.”

ORDINARY RESOLUTION 3      **“RESOLVED THAT** the payment of Directors’ Fees and Benefits amounting to RM1,161,782.00 for financial year ended 31 December 2018 be and is hereby approved.”

ORDINARY RESOLUTION 4      **“RESOLVED THAT** the retiring Auditors, Messrs KPMG PLT, be and are hereby re-appointed as Auditors of the Company at a remuneration to be determined by the Directors.”

SPECIAL  
BUSINESS -  
ORDINARY  
RESOLUTION 5

**“RESOLVED THAT** Dato’ Ab Halim bin Mohyiddin, be and is hereby retained as an Independent Non-Executive Director of the Company and to hold office until conclusion of the next Annual General Meeting.”

SPECIAL  
BUSINESS -  
ORDINARY  
RESOLUTION 6

**“RESOLVED THAT** subject to the Companies Act 2016 and Constitution of the Company, the Directors be and are hereby empowered, pursuant to Section 75 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 the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

SPECIAL  
BUSINESS -  
ORDINARY  
RESOLUTION 7

**“RESOLVED THAT** subject to the compliance with all applicable laws, the Companies Act 2016 (“the Act”), the Company’s Constitution, and the regulations and guidelines applied from time to time by Bursa Malaysia Securities Berhad (“Bursa Securities”) and/or any other relevant regulatory authority, approval be and is hereby given to the Company to purchase at any time such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors in their absolute discretion deem fit and expedient in the interest of the Company (“Proposed Share Buy-Back Mandate”) provided that:

- (i) the aggregate number of ordinary shares which may be purchased and retained as treasury shares by the Company at any point of time pursuant to the Proposed Share Buy-Back Mandate shall not exceed ten percent (10%) of the total number of issued shares of the Company;
- (ii) the amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back Mandate shall not exceed the retained earnings of the Company as at 31 December 2018; and
- (iii) the shares so purchased by the Company pursuant to the Proposed Share Buy-Back Mandate may at the discretion of the Directors be:
  - (a) retained as treasury shares; and/or
  - (b) cancelled; and/or
  - (c) resold on the market of Bursa Securities in accordance to the Main Market Listing Requirements; and/or
  - (d) distributed as dividends to the shareholders; and/or
  - (e) transferred for purposes of an employees’ share scheme and/or as purchase consideration; and/or
  - (f) dealt in any other manner as prescribed by the applicable rules, regulations and orders made pursuant to the Act, the Bursa Securities Main Market Listing Requirements and any other relevant authority for the time being in force;

**AND THAT** such authority conferred by the shareholders of the Company upon passing of this resolution pertaining to the Proposed Share Buy-Back Mandate will continue to be in force until the conclusion of the

next Annual General Meeting of the Company, unless by a resolution passed at that meeting, the authority is renewed; or the expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or

until the authority is revoked or varied by a resolution passed by the shareholders in a general meeting, whichever occurs first;

**AND THAT** the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to implement and give effect to the Proposed Share Buy-Back Mandate.”

SPECIAL  
BUSINESS -  
ORDINARY  
RESOLUTION 8

**“THAT** approval be and is hereby given to the Company and/or its subsidiaries (“KNM Group”) to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or persons connected with the Directors and/or major shareholders of KNM Group (“Related Parties”) as specified in section 2.4 of the Circular to Shareholders dated 30 April 2019 provided that such arrangements and/or transactions are:

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to Related Parties than those generally available to the public; and
- (iv) are not to the detriment of minority shareholders,

(hereinafter referred to as the “Proposed Recurrent RPT Mandate”);

**AND THAT** such authority conferred by the shareholders of the Company upon passing of this resolution pertaining to the Proposed Recurrent RPT Mandate will continue to be in force until the conclusion of the next Annual General Meeting of the Company, unless by a resolution passed at that meeting, the authority is renewed; or the expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or until the authority is revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is the earlier;

**AND THAT** the Directors of the Company be and are hereby empowered to complete and to do all such acts and things including executing all such documents as may be required as they may consider expedient or necessary to give effect to the Proposed Recurrent RPT Mandate.”

SPECIAL  
RESOLUTION 1

**“RESOLVED THAT** approval be and is hereby given to alter or amend the whole of the existing Constitution of the Company by the replacement thereof with a new Constitution of the Company as set out in the Appendix A dated 30 April 2019 with immediate effect;

**AND THAT** the Board of Directors of the Company be and is hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.”



17. CONCLUSION

There being no other business to transact, the meeting ended at 11.50 a.m. and the Chairman thanked the members for their attendance.

Signed as a correct record,

  
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Chairman