

**KNM GROUP BERHAD**  
(Company No. 521348-H)  
(Incorporated in Malaysia)

MINUTES OF THE 19<sup>TH</sup> ANNUAL GENERAL MEETING OF KNM GROUP BERHAD (“THE COMPANY” OR “KNM”) HELD AT THE BROADCAST VENUE AT LUTONG SUITE, 15 JALAN DAGANG SB 4/1, TAMAN SUNGAI BESI INDAH, 43300 SERI KEMBANGAN, SELANGOR DARUL EHSAN ON TUESDAY, 29 JUNE 2021 AT 10.00 A.M.

---

**PRESENT AT BROADCAST VENUE** : MR TERENCE TAN KOON PING  
(*Group CEO/Executive Director*)

MR FLAVIO PORRO  
(*Executive Director/Group General Counsel*)

**MEMBERS’ PARTICIPATION** : Total number of shareholders who participated in the Meeting was 152.

**IN ATTENDANCE AT BROADCAST VENUE** : HANI SYAMIRA BINTI ABDUL HAMID  
(*Group Company Secretary*)

**OPENING REMARK AND STATEMENT OF CONFIDENTIALITY**

Chairman started off by announcing that the Annual General Meeting (“AGM”) of the Company will be conducted on a fully virtual basis through a broadcast and online remote participation and voting facilities via Boardroom Smart Investor Portal provided by Boardroom Share Registrars Sdn Bhd in view of the COVID-19 outbreak and the enforcement of the Enhanced Movement Control Order (“EMCO”), as well as the advice from the Government with regard to the requirement for social distancing and restriction of mass gathering. The manner and conduct of the virtual AGM are guided by, and in compliance with Section 327(2) of the Companies Act 2016 and the latest Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia (“SC”).

Chairman then reminded that participation at the AGM is highly restricted to shareholders, valid proxies and authorised representative of corporate shareholders, and that the discussions that transpired during the AGM is deemed confidential and only for the information and knowledge of relevant parties. Hence, any photography, screenshot, or form of audio and video recording are not permitted whilst the AGM is in progress.

Chairman informed that the quality of the live streaming is dependent on the internet bandwidth connection and stability at the locations of the remote participations.

The Chairman also informed that the procedure on remote participation and voting via Boardroom Smart Investor Portal for purposes of engaging in remote participation and voting (“RPV”) at the AGM are as stated in the Notice of AGM under Administrative Details.

The Chairman further informed that Boardroom Share Registrars Sdn Bhd is the appointed poll administrator for the AGM, whilst Boardroom Corporate Services Sdn Bhd is the appointed independent scrutineers to verify the results of the poll voting and validate the votes casted at the AGM.

The Chairman then invited Boardroom Share Registrars to demonstrate the step-by-step guide on the online voting module via a video clip to facilitate the polling.

### **CHAIRMAN**

Mr Terence Tan Koon Ping (“Chairman”) presided as the Chairman, and accordingly commenced the proceedings of the AGM.

Chairman thanked the shareholders, proxies, Board of Directors (“Board”) and members of management team of the Company for participating remotely from their various locations through live streaming.

In view of the COVID-19 outbreak and in compliance with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission, Chairman informed that the AGM was conducted in a virtual manner via live streaming and online RPV facilities without physical presence by shareholders.

Chairman thereafter proceeded to introduce the newly appointed member of the Board, Mr Flavio Porro, who is also the Group General Counsel, Mr Bryan Wong Toh Sing, the Group Chief Financial Officer (“GCFO”), Puan Hani Syamira Abdul Hamid, the Group Company Secretary, the Auditors of the Company for the financial year ended 31 December 2020, i.e., Messrs KPMG PLT (“KPMG”) as represented by its Audit Partner, Mr Tai Yoon Foo, and those who participated in the Meeting through live streaming which include the representatives of Messrs Michael Chow, Advocates & Solicitors (represented by Mr Michael Chow, Principal Partner), Boardroom Share Registrars Sdn Bhd (represented by Ms Alice Tey, Mr Lim Guan Hoong) and Boardroom Corporate Services Sdn Bhd.

Chairman further recorded his deep appreciation for the significant contributions of the former directors, Dato' Ab Halim bin Mohyiddin, Mdm. Gan Siew Liat, Dato' Dr Khalid bin Ngah and Mdm. Soh Yoke Yan who had resigned as the directors of the Company just few days before the Meeting. The respective announcements to Bursa Malaysia had been made yesterday. On behalf of the Management Chairman thanked for their dedication in their tenure as Directors.

## **QUORUM**

As requested by Chairman, the Company Secretary confirmed the participation of the requisite quorum pursuant to Rule 82 of the Company's Constitution. Accordingly, Chairman declared that the Meeting was called to order and proceeded with the business at hand.

## **NOTICE**

Chairman informed that pursuant to Paragraph 8.29A of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad and Rule 92 of the Company's Constitution, any resolutions set out in the notice of general meetings shall be voted on by poll, which would be conducted electronically via the RPV facility. The declaration of the poll results will be made by Chairman upon the closure of the voting session subject to verification by the independent scrutineers.

Chairman also informed that for purposes of determining shareholders' entitlement to participate in the AGM, the date for the General Meeting Record of Depositors is 22 June 2021.

Chairman proceeded to inform that the Notice convening the Meeting dated 31 May 2021, which was subsequently revised on 2 June 2021 and 28 June 2021, has been circulated to all shareholders together with the Annual Report 2020 and Circular to Shareholders in relation to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, within the prescribed period, and since there were no objections from the shareholders, the Notice was taken as read.

## **BRIEFING ON PROCEEDINGS OF MEETING**

Chairman highlighted that the Securities Commission has stipulated that shareholders and proxies can use the real time submission of typed texts as other mode to exercise their rights to speak and communicate in a virtual meeting.

In view thereof, Chairman requested that the shareholders and proxies who wished to ask questions to use the text box at the bottom of the live streaming application within the Boardroom Smart Investor Portal to transmit questions in relation to the agenda items of the Meeting. The name of the person and his/her question will be announced and answered during the Question and Answer (“Q&A”) session accordingly.

Chairman also reiterated that the quality of the live streaming is dependent on the internet bandwidth connection and stability at the locations of the remote participations.

Chairman then briefed on the voting procedures of the Meeting in accordance with Section 330 of the Companies Act 2016, Paragraph 8.29A of the MMLR of Bursa Malaysia Securities Berhad and Rule 88 of the Company’s Constitution. The voting module has been made accessible to all shareholders and proxies to submit their votes from the commencement of the AGM and shall close upon the announcement of closure of the voting session. Alternatively, the shareholders and proxies may also cast and submit their votes upon the Q&A session ended.

The step-by-step guide together with a short video clip on the online voting module within the Boardroom Smart Investor Portal to facilitate the polling exercise was shared by the poll administrator.

Due to the resignations of our 4 directors on 26 June 2021 and 28 June 2021 respectively that were announced yesterday, Ordinary Resolutions No. 1, 2 and 5 had been withdrawn from this meeting and an additional Ordinary Resolution 9 is included in line with the appointment of the new Director on 25 June 2021 that had been announced to Bursa Malaysia yesterday. The Meeting noted that six (6) ordinary resolutions to be put to vote.

## **AGENDA – AS ORDINARY BUSINESS**

- 1. TO RECEIVE THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 TOGETHER WITH THE DIRECTORS' AND AUDITORS' REPORTS THEREON**

Chairman informed that the Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Directors and Auditors Reports thereon were tabled pursuant to Section 244(2)(a) of the Companies Act 2016. As such, it will not be put forward for voting.

- 2. ORDINARY RESOLUTION 3 – TO APPROVE THE PAYMENT OF DIRECTORS' FEES AND BENEFITS OF RM1,271,173.40 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

Section 230 (1) of the Companies Act 2016 states that “the fees” of the directors and “any benefits” payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. Accordingly, the Board agreed that shareholders' approval be sought at this AGM on the Directors' fees and benefits payable for the financial year ended 31 December 2020.

- 3. ORDINARY RESOLUTION 4 – TO RE-APPOINT MESSRS. KPMG PLT AS AUDITORS OF THE COMPANY FOR THE ENSUING YEAR AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION**

Chairman confirmed that Messrs KPMG PLT had indicated their willingness to be re-appointed as Auditors of the Company.

Chairman informed that the Board Audit Committee and the Board of the Company have considered the re-appointment of Messrs KPMG PLT as Auditors of the Company and collectively agreed that Messrs KPMG PLT has met the relevant criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

- 4. ORDINARY RESOLUTION 6 – AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016**

Chairman informed that this resolution is pursuant to Section 75 of the Companies Act 2016, to empower the Directors of the Company with the authority to allot and issue ordinary shares up to 20% of the issued and paid-up share capital of the Company at any time for such purposes as the Directors deem fit.

This authority if approved, shall commence from date of this AGM and continue to be in force until the conclusion of the next AGM. And the Directors be empowered to allot and issue up to twenty percent (20%) of the total number of issued shares of the Company for the time being by 31 December 2021, for such purposes as the Directors deem fit and in the best interest of the Company and after that the ten percent (10%) limit under Paragraph 6.03(1) of the Main Market Listing Requirements will be reinstated pursuant to the directive letter dated 16 April 2020 issued by Bursa Malaysia Securities Berhad.

**5. ORDINARY RESOLUTION 7 – PROPOSED SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

Chairman briefed that this resolution, if passed, will allow KNM Group to enter into recurrent transactions involving the interests of related parties, which are of a revenue or trading nature and necessary for the Group’s day-to-day operations pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Practice Note 12.

The relevant recurrent related party transactions are specified in section 2.4 as set out on pages 3 to 5 of the Circular to Shareholders dated 31 May 2021.

The authority, if conferred by the shareholders, will continue to be in force until the conclusion of the next AGM of the Company.

Ordinary Resolution 7, if approved, will eliminate the necessity of convening separate general meetings to seek shareholders’ approval as and when such recurrent related party transactions occur. This will substantially reduce the time, administrative requirements, inconvenience and expenses associated with the convening of several general meetings.

Chairman also informed the shareholders that the interested Directors, major shareholders and persons connected with the Directors and/or major shareholders as set out on pages 3 to 4 of the Circular to Shareholders, will abstain from voting in respect of their direct or indirect shareholdings in the Company.

**6. ORDINARY RESOLUTION 8 – PROPOSED ALLOCATION OF ESOS OPTIONS TO MR TAN KOON PING**

At this juncture, being the interested Director, Chairman handed over the Chairmanship of the meeting to Mr Flavio Porro to continue with the conduct of the proceedings.

Mr Flavio briefed that this resolution if passed, will allow the Board at any time and from time to time during the existence of the ESOS Scheme, to offer and allocate to Mr Tan Koon Ping, being the Group Chief Executive Officer/Executive Director of the Company, the options to subscribe for such number of shares to be issued under the ESOS Scheme subject always to the following :

- (a) he must not participate in the deliberation or discussion of his own allocation to be issued under the ESOS Scheme; and
- (b) not more than 10% of the total number of shares to be issued under the ESOS Scheme shall be allocated to him, if he, either singly or collectively through persons connected to him, holds 20% or more of the total number of issued Shares (excluding treasury shares) of the Company, provided always that it is in accordance with the Listing Requirements or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time and subject always to such terms and conditions and/or adjustments which may be made in accordance with the By-Laws of the ESOS Scheme.

Thereafter Mr Flavio handed over the Chairmanship of the meeting to Mr Terence to continue with the conduct of the proceedings.

**7. ORDINARY RESOLUTION 9 – TO RE-ELECT MR FLAVIO PORRO WHO SHALL RETIRE IN ACCORDANCE WITH RULE 112 OF THE CONSTITUTION OF THE COMPANY AND WHO BEING ELIGIBLE, OFFERS HIMSELF FOR RE-ELECTION**

Chairman highlighted that being newly appointed director on 25 June 2021, this is new resolution in which the revised Notice of AGM and Proxy Form had been announced to Bursa Malaysia yesterday. Mr Flavio Porro who is subject to retirement under Rule 112 of the Company's Constitution has indicated his willingness to be re-elected as a Director of the Company.

**8. TO TRANSACT ANY OTHER BUSINESS OF WHICH DUE NOTICE SHALL HAVE BEEN GIVEN IN ACCORDANCE WITH THE COMPANIES ACT 2016 AND THE CONSTITUTION OF THE COMPANY**

Chairman informed that, as duly confirmed by the Company Secretary, there was no notice received for any other business.

## QUESTIONS AND ANSWERS

Chairman informed that the AGM is important platforms for directors and senior management to engage shareholders to facilitate greater understanding of the company's business, governance and performance. He then invited all shareholders to enquire on the Company's performance, activities and any questions with regard to the agenda and the resolutions tabled at the AGM.

Chairman informed that the Company had received written questions from the Minority Shareholders Watch Group ("MSWG") and the Company had responded to MSWG accordingly.

Chairman thereafter invited the Group Company Secretary to read the summary of questions submitted by MSWG and the Company's responses.

### **1. Questions from MSWG**

At this juncture, the Group Company Secretary proceeded to present the Company's responses to the MSWG's queries, which were listed as follows :

#### **1.1 Operational & Financial Matters**

Q1 For FY2021, KNM aims to maintain its profitability during this challenging period by improving its operational efficiency through process improvement and operational savings from a leaner outfit.

(a) What are the other key drivers for better bottom-line performance apart from reducing operational expenses ?

A1 *Besides operational cost saving, the other key drivers for our business to maintain its profitability are volume and speed of replenishment or new orders, timely completion of projects and managing costs of key raw materials such as steel plate.*

(b) What is KNM's guidance on topline performance in FY2021 ?

*The revenue forecast for financial year ("FY") 2021 is between RM1.2 billion to RM1.4 billion.*

Q2 91.976 million ESOS shares granted on 27 March 2021 were exercised in FY2020 (page 46 AR2020). These shares were exercised at 11 sen per share.



- (a) Executive Vice Chairman Madam Gan Siew Liat and the person connected to her had exercised 80 million ESOS shares in FY2020, representing 87% of the total 91.976 million ESOS shares exercised in the year (page 45 of AR2020).

In percentage, what is Madam Gan, board members and other employee's entitlement, for the ESOS shares with exercise price of 11 sen?

- A2 (a) Please see the table as depicted below :

<i>Options allocated on 27 March 2019</i>	<i>No. of Options</i>	<i>Percentage</i>
<i>Madam Gan Siew Liat and persons connected to her</i>	143,000,000	73.6%
<i>Board Members as at the date of allocation</i>	6,500,000	3.3%
<i>Employees and directors of subsidiaries</i>	44,838,000	23.1%
	194,338,000	100.0%

- (b) Is there a cap on ESOS entitlement for KNM's directors and persons connected to them under the existing ESOS ?

*There is no maximum ESOS entitlement for KNM directors and persons connected to them under the existing ESOS By-Laws, provided that not more than 10% of the shares available under the ESOS be granted to any individual Director or employee who, either singly or collectively through persons connected with him or her (as defined in Paragraph 1.01 of the Listing Requirements), hold(s) 20% or more in the issued and paid-up share capital of the Company.*

- (c) As stated on page 46 of Annual Report 2019, the closing balance for ESOS grant dated 27 March 2019 was 95,277,800 shares, while the opening balance for the same grant on 1 January 2020 was 166,680,000 shares (page 46 of AR2020). Why do these two numbers not tally ?

*The total options allocated on 27 Mar 2019 was 194,338,000 and the options generally have a weighted vesting period of 3 years based on a*

yearly vesting ratio stated in the ESOS letter of offer of the respective directors and employees. In the presentation of the previous financial year's financial statements, the options granted amount represented options granted and vested in the said financial year. In FY2020, Management had decided to present the options allocated to all employees based on the total options allocated over the 3 years contract life of the options, instead of presenting the options granted and vested on that particular financial year only. The change in presentation is aimed to provide a complete information of the ESOS in totality.

Presentation in FY2019 Annual Rreport :

The number and weighted average exercise price of share options are as follows:		
	Exercise price	2019 Number of options '000
Granted during the year	RM0.11	95,358
Lapsed during the year	RM0.11	(80)
Exercised during the year	RM0.11	(27,377)
Outstanding at 31 December	RM0.11	67,901
Exercisable at 31 December	RM0.11	67,901

b) Options allocated on 27.3.2019

Grant date	Number of options '000	Vesting conditions	Contractual life of options
Options granted on 27.3.2019	194,338	Employee in service on grant date	3 years

The number and weighted average exercise price of share options are as follows:

	2020		2019	
	Exercise price	Number of options '000	Exercise price	Number of options '000
Outstanding at 1 January	RM0.11	166,680	RM0.11	-
Granted during the year	RM0.11	-	RM0.11	194,338
Forfeited/Cancelled during the year	RM0.11	(664)	RM0.11	(281)
Exercised during the year	RM0.11	(91,976)	RM0.11	(27,377)
Outstanding at 31 December	RM0.11	74,040	RM0.11	166,680
Vested and exercisable at 31 December	RM0.11	45,411	RM0.11	67,901

- (d) What is the vesting period imposed on the grantees before they could exercise the ESOS shares granted ?

*The vesting period imposed on the grantees before they could exercise the ESOS are as below :*

- (i) *Fully vested on 27 Mar 2019 :*
  - *Dato' Ab Halim Bin Mohyiddin*
  - *Dato' Dr Khalid Bin Ngah*
  - *Ir Lee Swee Eng*
  - *Madam Gan Swee Liat*
  - *Madam Soh Yoke Yan*
  - *Encik Mohd Rizal Bahari Bin Md Noor*
  
- (ii) *Over 3 years – other employees*

## **1.2 Corporate Governance Matters**

Q3 At group level, executive directors (EDs) Ir Lee Swee Eng (retired on 9 July 2020), Madam Gan Siew Liat and Mr Tan Koon Ping (appointed on 9 July 2020) received remuneration amounting to RM1.8 million, RM1.48 million and RM691,790 respectively in FY2020 (page 27, Practice 7.1, Corporate Governance Report (CGR) 2020). The remuneration consists of directors' fee, salaries, and other emoluments.

- (a) The remuneration paid to Madam Gan increased by 52% or RM506,630 to RM1.47 million from RM970,700 in FY2019 (page 24, Practice 7.1, CGR2019).

Why was there a substantial increase in Mdm Gan's remuneration ?  
What KPIs have Mdm Gan achieved to entitle for the pay raise ?

A3 *Remuneration of Mdm Gan was increased due to salary adjustment for her redesignation from Director of HR/Aministration to Executive Vice Chairman. The Remuneration Committee approved the increment based on its discretion.*

- (b) Why did KNM's EDs receive both director fee and salary during the year?

*The ED received both director fee and salary is a practice of the Company since the Company was listed in 2003. The remuneration package was made attractive to attract and retain the best talents to run the organisation.*

- (c) What is the breakdown (by amount) and the components for the "Other emoluments/Salary" received by EDs ?

*There were some typographical errors on the directors' remuneration tabulation which the corrected tables are as below. There are no material changes in the total amount of Directors' Fees and Other emoluments/Salary.*

*Revised Directors' Remuneration Tabulation :*

<i>Category of Directors</i>	<i>Fee</i>	<i>Other emoluments*/ Salary**</i>	<i>Total</i>
	RM'000	RM'000	RM'000
<b><u>Executive Directors</u></b>			
<i>Ir Lee Swee Eng (Retired on 09.07.2020)</i>	82.56	1,468.50	1,551.06
<i>Madam Gan Siew Liat</i>	157.50	1,320.13	1,477.63
<i>Mr Tan Koon Ping (Appointed on 09.07.2020)</i>	75.36	588.42	663.78
<b><u>Non-Executive Directors</u></b>			
<i>Dato' Ab Halim bin Mohyiddin</i>	157.50	91.64	249.14
<i>Dato' Dr Khalid bin Ngah</i>	157.50	82.00	239.50
<i>Madam Soh Yoke Yan</i>	157.50	73.36	230.86
<i>Encik Mohd Rizal Bahari bin Md Noor (Appointed on 25.11.2020)</i>	15.75	3.60	19.35
<b>Total</b>	803.67	3,627.65	4,431.32

*Notes*

- Other emoluments include board committee fees, bonuses, allowances, provision of handphones and company cars.*
- The salary is inclusive of employer's statutory contribution to Employees Provident Fund.*

Comparison of the tabulations of the directors' remuneration :

<u>Company</u>	<i>Fee</i>	<i>Other emolument s/ Salary</i>	<i>Total</i>
	RM'000	RM'000	RM'000
<b>Total - As per announcement on 31 May 2021</b>	803.67	3,590.15	4,393.82
<b>Total – As per the revised Directors' Remuneration tabulation</b>	803.67	3,590.45	4,394.12
<u>Group</u>	<i>Fee</i>	<i>Other emolument s/ Salary</i>	<i>Total</i>
	RM'000	RM'000	RM'000
<b>Total - As per announcement on 31 May 2021</b>	803.67	3,590.15	4,393.82
<b>Total – As per the revised Directors' Remuneration tabulation</b>	803.67	3,627.65	4,431.32

The breakdown and components for the Other emoluments/Salary received by ED is as below :

<b>ED</b>		
<b>Other emoluments</b>	<b>Company</b>	<b>Group</b>
	RM'000	RM'000
<b>Salaries</b>	2,901.01	2,900.81
<b>Professional Allowances</b>	45.94	45.94
<b>Meeting allowance</b>	39.19	39.19
<b>EPF- employer's contribution</b>	353.61	353.61
<b>Benefit-in-kind</b>	0.3	37.5
<b>Total</b>	3,339.85	3,377.05

Q4 At group level, three KNM's non-executive directors (NEDs) namely Dato' Ab Halim bin Mohyiddin, Dato' Dr Khalid bin Ngah and Soh Yoke Yan received total remuneration of RM249,140, RM239,500 and RM230,860 respectively in FY2020.

About one-third of NEDs' remuneration received in FY2020 comprised of "Other emoluments/Salary" (page 27, Practice 7.1, Corporate Governance Report 2020).

Please provide a breakdown of the "Other emoluments/Salary" that NEDs received in FY2020.

A4 *The breakdown of the "Other emoluments/salary" received by NED in FY2020 is as below :*

<i>Other emoluments</i>	<i>Company</i>	<i>Group</i>
	<i>RM'000</i>	<i>RM'000</i>
<i>Committees/Chairmanship fees</i>	<i>165.00</i>	<i>165.00</i>
<i>Meeting allowance</i>	<i>85.60</i>	<i>85.60</i>
<i>Total</i>	<i>250.60</i>	<i>250.60</i>

Q5 Based on the Corporate Governance (CG) report of the Company on the application of the Practices under the Malaysian Code on Corporate Governance (MCCG), please provide clarification on the following :

**Practice 4.7 :** The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

**KNM's response :** Currently, the Nomination Committee is chaired by a Non- Independent Non-Executive Director who is also the Chairman of the Board. The Board takes cognizance of Practice 4.7 and it will be restructured in due course.

**MSWG's comment :** When will the Group restructure the composition of Nomination Committee ?

A5 *This matter had been discussed at several Nomination Committee meetings since last year. The Nomination Committee members had, at its meeting on 17 May 2021, agreed that a new independent non-executive director will be appointed within 3 months after this AGM, to ensure that at least 1/3 of the board of directors are independent directors [Para 15.02 Chapter 15 Corporate Governance, Main Market Listing Requirements]*

Q6 **Practice 5.1** : The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

**KNM's answer** : Applied. The responsibility for annual evaluation to determine the effectiveness of the Board, its committees and each individual director falls on the Nomination Committee which assesses on an annual basis the effectiveness of the Board as a whole and the Board Committees as well as the respective individual Directors' performance and contribution. All assessments and evaluations are duly discussed and recorded in the minutes of meeting.

**MSWG's comment** : The Company did not explain how the annual evaluation was carried out as well as the outcome from the evaluation.

A6 How the annual board evaluation was carried out

*At present, the assessment on the effectiveness of the Board, its Committees and each individual Director are carried out internally. The Nomination Committee is responsible for the conduct of performance evaluation of the Board, Board Committees and individual Directors on an annual basis by using a set of self-assessment questionnaires to be completed by each director.*

*The criteria used in the assessment of the Board and the Board Committees focused on, amongst others, board composition, mix of skills, quality of information and decision making, board's relationship with the Management, boardroom activities and whether the terms of reference of the Board Committees have been met. The evaluation includes an assessment of the independence of Independent Non-Executive Directors. The Directors' responses are collated and a comprehensive summary of the findings and recommendations will be submitted to the Nomination Committee for deliberation, after which, the findings alongside the recommendations are escalated to the Board for further review and proposed actions.*

Outcome from the board evaluation

*Based on the annual Board performance assessment, the Board is satisfied with the current composition, diversity and size of the Board. The Board is also satisfied with the effectiveness of the Board, Board Committees and individual Directors, including the Group CEO/ED who has the requisite knowledge, skills and range of experiences to discharge their duties and responsibilities effectively. Independent experts may be engaged to facilitate the assessment of the Board when deemed necessary.*

## 2. Presentation and Q&A Session on Peterborough Green Energy Ltd – UK Project Update

2.1 Chairman then invited Group CFO, Mr Bryan Wong to brief on the Peterborough Green Energy Ltd UK Project update, the slides presentation as summarised below :

- Brief background of the project
- Current status of the project
- The relevant permits obtained from the regulatory authorities
- Google map view and photos of the site

2.2 Next GCFO proceeded to answer some questions from shareholders in relation to this WTE UK Project, as listed below :

Questions submitted by Foo Beau Chian, Low Keng Onn, and Mr Ganapathy a/l V Ratanam, shareholders, and the Company's responses were as follows :

Q1 Not much information has been provided on the WTE project in the UK. It is just stated that the WTE project in the UK is currently under development. Year after year we are just hearing that the WTE project is under development without much progress. Please elaborate on the following :

- (a) What % of work has been completed to-date ?
- (b) What are the scope of works which have been completed to-date ?

*Due to COVID-19 pandemic, we could only achieve 90% of the progress for the pre-commencement conditions including site clearing. Consequently, the start of construction at site had to be deferred.*

- (c) What is the current total projected cost for this project ?

*The estimated EPCC cost for Phase 1 with capacity of 9MW is at GBP85 million.*

- (d) When is the final target date to complete this project for commercial launch ?

*The commencement of site works is currently put on hold due to the COVID-19 pandemic. The project already has most of the permits required. Before the actual site construction works can start, we need to fulfill the following conditions :*



- to construct the passing bays along the main road to the site and widen the site access.
- to relocate the water voles at the project site.

*We will undertake the above activities after the impacts of pandemic subside. The construction period for the Phase 1 of 9MW power export is expected to be 27 months.*

- (e) Has the necessary financing been fully secured to complete this project as per the agreed target completion date ?

*For the past one year we have been seeking joint ventures with other investors to co-develop the full scale of the project and/or to divest the entire project to the interested investor.*

- (f) Do we foresee any major risk and or obstacles in completing the project per the target timeline ?

*It depends on the situation of COVID-19 pandemic and the financing for the full scale of the project.*

- (g) If not much progress is seen in this project, is there any plans to dispose off all assets under this project so that the funds raised could be released to pay off debts ?

*Yes, for the past one year, we have been seeking joint ventures with other investors to co-develop the full scale of the project and/or to divest the entire project to the interested investor.*

### 3. **Questions from Shareholders/Proxies**

Chairman informed that the Company had received questions transmitted by the shareholders/proxies via emails and the text box from the live streaming application within the Boardroom Smart Investor Portal prior to and during the AGM.

Chairman, the Board of Directors or the Management shall address all questions received.

Chairman also informed that the audit partner in charge from KPMG is available for any questions relating to the conduct of the audit, preparation and content of the audit report, and key audit matters.

Q1 As shareholders, we are concerned that KNM Group may be way over its head in this project. While KNM may have been able to stomach such a project 10 years ago, in view of changing economic conditions and the financial position, perhaps, the Management should consider disposal, or a joint venture with a reliable and developer of sound standing.

I think we want to see an improved financial position, free cashflow positive of the Group, no further drainage of funds, deleveraging, sound execution of projects - let alone hearing flimsy excuses year on year. A proposed or partial disposal of some assets would elevate the KNM group financial position.

A1 *We have previously invited a Chinese EPCC contractor to provide vendor financing to develop the plant at 40MW but the collaboration was eventually not successful as both parties could not agree on the additional EPCC cost proposed by the Chinese EPCC contractor. We have subsequently planned to undertake a smaller initial phase of 9MW by ourselves. Just before the COVID-19 pandemic, we were about to construct the passing bays which will then enable us to start the construction of the plant at site. However, we have put this construction works on hold as the COVID-19 pandemic has yet to recover.*

*Concurrently, for the past one year we have been seeking joint ventures with other investors to co-develop the full scale of the project and/or to divest the entire project to the interested investor. These activities are still ongoing.*

Q2 In this difficult pandemic period, please give vouchers or door gifts or e-wallet credits (e.g. Touch&Go) for us loyal minority shareholders voting today. (Question from Kow Lih Shi, Lee Tuck Feong, Kok Sak Lin, shareholders)

A2 *There will be no distribution of gifts or vouchers to shareholders for participation in the 19th AGM of the Company.*

Q3 KNM announced a number of board changes yesterday which included the resignation of three INEDs and executive vice chairman. What were the reasons for the board changes ? When does the Group plan to restore the previous board composition ? (Question from Lim Cian Yai, shareholder)

A3 *The previous board members tendered their resignation. We plan to appoint new board members within the 3 months timeline as required under the Main Market Listing Requirements, to make up our board composition.*

Q4 What is the rationale behind Madam Gan Siew Liat been rewarded with so many ESOS ? (Question from Tan Chi Hui Piser, shareholder)

A4 This question has been answered in the MSWG section above, page 8-9.

Q5 Can the Chairman of the Nomination and Remuneration Committee comment on the criteria for deciding Madam Gan Siew Liat and persons connected to her ESOS shares ? Why is she and persons connected to her been granted such a high number of ESOS ? (Question from Ong Kong Pak, shareholder)

A5 This question has been answered in the MSWG section above, page 8-9.

There being no further questions, the Meeting then proceeded with the poll voting and was adjourned at 11.00 a.m. for the counting of votes.

### **DECLARATION OF POLL RESULTS**

Chairman reconvened the Meeting at 11.35 a.m. for the declaration of the poll results which had been verified by the independent scrutineers.

The independent scrutineers announced the poll results as follows :

Resolution	Vote For		Vote Against		Outcome
	Number of Shares	%	Number of Shares	%	
3	459,586,517	93.68	30,983,515	6.32	<b>Carried</b>
4	832,253,490	98.85	9,698,039	1.15	<b>Carried</b>
6	800,751,559	95.09	41,329,970	4.91	<b>Carried</b>
7	229,420,157	46.60	262,877,100	53.40	<b>Not Carried</b>
8	762,955,405	92.16	64,925,824	7.84	<b>Carried</b>
9	839,908,125	99.74	2,173,404	0.26	<b>Carried</b>

Based on the poll results, Chairman declared that, save for Resolution 7, all the resolutions tabled at the AGM was **CARRIED**, as achieved the majority votes from the shareholders.

It was **RESOLVED** :

1. **Resolution 3**

**THAT** the payment of Directors' fees and benefits of RM1,271,173.40 for the financial year ended 31 December 2020, be and is hereby approved.

2. **Resolution 4**

**THAT** Messrs KPMG PLT be and is hereby re-appointed as the Auditors of the Company for the ensuing year **AND THAT** the Directors be and are hereby authorised to fix their remuneration.

3. **Resolution 6**

**THAT** 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 twenty percent (20%) 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.

4. **Resolution 7**

**THAT** the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue Or Trading Nature ("Proposed Recurrent RRPTs") be and is hereby disapproved.

5. **Resolution 8**

**THAT** approval be and is hereby given for the Company to offer and to allocate to Mr Tan Koon Ping, being the Group Chief Executive Officer/Executive Director of the Company, options to subscribe for such number of ordinary shares of the Company under the Company's ESOS PROVIDED THAT not more than 10% of the new ordinary shares of the Company available under the Company's ESOS shall be allocated to any individual eligible participant, who, either singly or collectively through persons connected with him/her, holds 20% or more of the issued and paid-up share capital of the Company (excluding treasury shares); **AND** subject always to such terms and conditions of the Company's ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the ESOS By-Laws governing and constituting the Company's ESOS.

6. **Resolution 9**

**THAT** Mr Flavio Porro, who retired in accordance with Rule 112 of the Constitution of the Company, be and is hereby re-elected as Director of the Company.

### **NOTE OF APPRECIATION**

On behalf of the Board and Management of the Company, Chairman thanked the members for their participation in the Company's second virtual AGM and for the continued support to the Company.

Chairman announced that since the Company had received several late questions from the shareholders, Management would be answering the questions after the Meeting via emails and/or KNM website.

### **CLOSURE**

There being no other business to be transacted, the Meeting concluded at 11.55 a.m. with a vote of thanks to Chairman.

**SIGNED AS A CORRECT RECORD,**

---

**Chairman**

Dated : 30 July 2021