

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

MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF KNM GROUP BERHAD (“THE COMPANY” OR “KNM”) HELD AT THE BROADCAST VENUE AT THE BOARDROOM, LUTONG SUITE, 15 JALAN DAGANG SB 4/1, TAMAN SUNGAI BESI INDAH 43300 SERI KEMBANGAN, SELANGOR DARUL EHSAN ON TUESDAY, 29 JUNE 2021 AT 11.55 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 169.

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 Extraordinary General Meeting (“EGM”) 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 EGM 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 EGM is highly restricted to shareholders, valid proxies and authorised representative of corporate shareholders, and that the discussions that transpired during the EGM 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 EGM 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 EGM are as stated in the Notice of EGM under Administrative Details.

The Chairman further informed that Boardroom Share Registrars Sdn Bhd is the appointed poll administrator for the EGM, 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 EGM.

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 EGM.

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 EGM 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), M&A Securities Sdn Bhd (represented by Ms Rachel Ho), Newfields Advisors Sdn Bhd (represented by Mr Alan Yew), 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 four (4) 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 EGM, the date for the General Meeting Record of Depositors is 22 June 2021.

Chairman proceeded to inform that the Notice convening the Meeting dated 14 June 2020 has been circulated to all shareholders together with the Circular to Shareholders in relation to the Proposed Private Placement of up to 987,517,700 new ordinary shares in KNM Group Berhad ("KNM" or the "Company") ("Placement Share(s)"), representing not more than 30% of the issued shares in KNM (before the exercise of ESOS options and excluding treasury shares) at an issue price to be determined later ("Proposed Private Placement"), within the prescribed period. 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 EGM 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.

The Meeting noted that there's only one (1) ordinary resolution to be put to vote.

AGENDA – AS ORDINARY BUSINESS

1. ORDINARY RESOLUTION – PROPOSED PRIVATE PLACEMENT OF UP TO 987,517,700 NEW ORDINARY SHARES IN KNM TO INTERESTED PLACEE(S) AND INDEPENDENT PLACEE(S) ("PROPOSED PRIVATE PLACEMENT")

Chairman informed that this resolution is the only agenda tabled at today's EGM.

Save as disclosed in section 9 of the Circular to Shareholders, none of the Directors, major shareholders, chief executive and/or persons connected with them have any interest, either direct or indirect, in the Proposed Private Placement.

Mdm Gan Siew Liat, being the Interested Placee, has abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings in respect of the Proposed Private Placement.

In addition, the Interested Persons will also abstain from voting in respect of their direct and/or indirect shareholdings in KNM, if any, on this resolution. The Interested Persons have also undertaken to ensure that persons connected with them shall abstain from voting in respect of their direct and/or in direct shareholdings in our Company, if any, on the resolution.

Our Board (save for Mdm Gan Siew Liat), after having considered all aspects of the Proposed Private Placement (including, but not limited to the proposed utilisation of proceeds, rationale and the effects of the Proposed Private Placement), is of the opinion that the Proposed Private Placement is in the best interest of the Group and its shareholders. Accordingly, our Board (save for Mdm Gan Siew Liat) recommended that the shareholders vote in favour of the resolution pertaining to the Proposed Private Placement.

2. 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 similar to AGM, this EGM is an important platform for directors and senior management to engage shareholders to facilitate greater understanding of the company's business, governance and performance. Chairman then invited all shareholders to enquire on the Proposed Private Placement and any questions with regard to the agenda and the resolution tabled at the EGM today.

Chairman also 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 :

Up to 50% or 493.76 million of the total placement shares will be placed to the Interested Placee(s), Mdm Gan Siew Liat and/or person (s) connected with her, with the balance placement shares to be placed to Independent Placee(s).

The rationale of placing out the shares to the Interested Placee(s) is due to the intention of the placee(s) to increase their collective equity participation in KNM, as well as lending out their financial support to the Group.

However, as at latest practicable date 21 May 2021, the Interested Placee(s) has yet to confirm that it has sufficient financial resources available to subscribe for the placement shares allocated to them (page 3 of the Circular dated 14 June 2021).

As of 22 April 2021, the Interested Placee is also the substantial shareholder of KNM with 1.19% direct interest and 8.52% indirect interest.

Q1(a) Why does KNM place out the shares to the Interested Placee(s) when there is no guarantee that the placee(s) has the sufficient financial resources to take up the placement shares ? Is there a risk of the Interested Placee(s) failing to fulfill their obligation of taking up the placement shares ?

A1(a) *In the interest of time, the Board has elected to seek approval from shareholders upfront to allow for the Interested Placee to contribute funds to the Group whilst the Placee endeavours to secure funds. As such, to mitigate this risk that funding may not be secured, the Group may opt to place to other placees should the Interested Placee's allocation not materialise.*

Q1(b) Why did the Company not opt for a rights issue that will enable all existing shareholders including the Interested Placee(s) to increase their equity stake further and to participate in the growth of the Company without diluting the existing shareholdings ?

A1(b) *As set out in Section 3 of the Circular to Shareholders, the Company opted for the Private Placement in the interest of time, as compared to other funding options such as a rights issue, which may take a longer time to implement, and would also require funding to be in place prior to implementation.*

Q2 Apart from placement to the Interested Placee, the Placement Shares are also intended to be placed to Independent Placee(s).

- (a) Has the Placement Agent identified the third-party independent investors who will take up the placement shares ?
- (b) What are the criteria considered in selecting the third-party investor(s) ?
- (c) How could these third-party investor(s) add value to the company in the short, medium, and long term ?

- A2
- (a) *No. The Independent Placees are still in the midst of finalisation.*
 - (b) *Save as set out in Section 2.1 of the Circular to Shareholders, there is no other particular criteria set for selection of third-party investors.*
 - (c) *The Board has set out the impact and evaluate the creation of the proposal in Section 5.5. Additionally, the Board has also addressed the adequacy of the Private Placement in term of short to long term requirements in Section 5.4. These should also be read in tandem with Sections 2.5 and 3, which relate to the overall rationale of the Proposal.*

Q3 The issue price of the Placement Shares to the Interested Placee(s) - Mdm Gan Siew Liat and/or person(s) connected with her shall be RM0.18 each, while the issue price of the Placement Shares to the Independent Placee(s) shall be RM0.16 each (page 3 of the Circular dated 14 June 2021).

Why is there a difference in issue price of placement shares to different placee(s) ?

A3 *The difference is to demonstrate that the Interested Placee is genuinely willing to contribute funds to the Group at market price without an advantage compared to existing shareholders. Whereas Independent Placees in general are given a discount to encourage their participation in the Private Placement.*

Q4 Prior to this Proposed Private Placement exercise, KNM had undertaken three private placement exercises in FY2019, FY2020 and FY2021, namely :

- Announcement dated 18 April 2019 of proposed private placement of up to 10% issued shares in KNM to independent third-party investor(s) to be identified. The exercise was

completed on 3 June 2019 with 234.6 million placement shares issued.

- Announcement dated 29 September 2020 of proposed private placement of up to 10% issued shares in KNM to independent investors to be identified. The exercise was completed on 20 November 2020 with approximately RM44.5 million raised and 269.18 million placement shares issued.
- Announcement dated 15 January 2021 of proposed private placement of up to 10% issued shares in KNM to independent investors to be identified. The exercise was completed on 3 February 2021 with approximately RM52 million raised and 296.92 million placement shares issued.

Has the utilisation of these proceeds generated earnings accretive impact that has offset the earnings dilution impact from the issuance of new shares ?

A4 The proceeds raised from private placements in FY2019 and FY2020 had offset the earnings dilution impact, where basic earnings per share had improved from 1.83 sen in FY2019 to 2.39 sen in FY2020. The proceeds from the private placement completed in February 2021 had similar positive effect, but was offset by the loss incurred during the quarter.

2. Questions from Shareholders/Proxies

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

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

Chairman also informed that Ms Rachel Ho from M&A Securities, the advisor for this private placement exercise and Mr Alan Yew from Newfields Advisors the financial advisor for this exercise, are available for any questions relating to the Private Placement exercise.

- (a) Question submitted by Mr Chan Fung Han, a shareholder, and the response by Ms Rachel M&A Securities was as follows :

Q1 Why the resolution does not split into two parts for the shareholders to resolve whether to vote in favour or against the private placement to the Interested Placee(s) and Independent Placee(s) separately ? How should the shareholder vote if he/she disagreed with the private placement to either one placee(s) ?

A1 *It is the Board's intention to implement the Proposed Private Placement as a whole with the participation of the Interested Placee(s) and as such, the resolutions were not tabled separately.*

(b) Question submitted by Mr Lee Chee Keong, a shareholder, and the Company's response was as follows :

Q2 What is the status of WTE Peterborough Project ?

A2 *The update had been furnished during the AGM held earlier today, which will also be posted on KNM website after this meeting.*

There being no further questions, the Meeting then proceeded with the poll voting and was adjourned at 12.18 p.m. for the counting of votes.

DECLARATION OF POLL RESULTS

Chairman reconvened the Meeting at 12.53 p.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 | | Total Votes | |
|------------|------------------|-------|------------------|-------|------------------|----------|
| | Number of Shares | % | Number of Shares | % | Number of Shares | % |
| 1 | 203,128,516 | 37.82 | 333,937,123 | 62.18 | 537,065,639 | 100.0000 |

Based on the poll results, Chairman declared that the resolution tabled at the EGM was **NOT CARRIED**.

It was **RESOLVED** :

Ordinary Resolution

THAT the Proposed Private Placement of up to 987,517,700 New Ordinary Shares In KNM to Interested Placee(s) and Independent Placee(s) ("Proposed Private Placement") be and is hereby not approved by the shareholders.

NOTE OF APPRECIATION

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

CLOSURE

There being no other business to be transacted, the Meeting concluded at 1.00 p.m. with a vote of thanks to Chairman.

SIGNED AS A CORRECT RECORD,

Chairman

Dated : 30 July 2021