

KIA LIM BERHAD
(Registration No. 199501013667 (342868-P))
(Incorporated in Malaysia)

**MINUTES OF THE POSTPONED TWENTY-SIXTH ANNUAL GENERAL MEETING
OF KIA LIM BERHAD HELD AT ONLINE MEETING PLATFORM VIA
<https://web.vote2u.my> (DOMAIN REGISTRATION NO. WITH MYNIC - D6A471702)
AT 12.00 NOON**

- PRESENT** : Mr Loh Chee Kan (Chairman)
Datuk Ng Yeng Keng @ Ng Ka Hiatt
Mr Ng Chin Kang
Mr Chua Syer Cin
En Mohd Salleh Bin Jantan
- IN ATTENDANCE** : Ms Leong Siew Foong (Company Secretary)
- BY INVITATION** : Mr Ong Yu Hock
Mr Ng Cheng Yew
Mr Ng Cheng Woon
Mr Tan Jin Xiang

AGM21/01 CHAIRMAN

Mr Loh Chee Kan took the Chair and welcomed all Members present at the Meeting.

This online meeting is held via RPV facility in accordance with the revised Guidance Note on the Conduct of General Meetings issued by Securities Commission of Malaysia on 1 June 2021, which was originally issued on 18 April 2020 (“the Revised Guidance Note and FAQ”), to require all meeting participants of a fully virtual general meeting including the Chairperson of the meeting, board members, senior management and shareholders to participate in the meeting online. According to the Revised Guidance Note and FAQ, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.

He introduced the Board members who attended today’s meeting via live streaming to all Members present and informed that Mr Chua will continue with the meeting in the event Mr Loh faced some interruptions during today’s meeting.

AGM21/02 QUORUM

The requisite quorum being present in accordance with Article 68 of Company’s Constitution, the Chairman declared the Meeting duly convened.

AGM21/03 PROXY

The Chairman announced that eleven (11) proxy forms with a total of 22,415,351 ordinary shares equivalent to 36.19% in the capital of the Company were received during the prescribed period. These shareholders have appointed the Chairman of the Meeting as proxy to vote on their behalf.

AGM21/04 NOTICE

The Chairman informed the members present that the Notice convening the Postponed Twenty-Sixth Annual General Meeting (“AGM”) dated 28 August 2021, had been previously circulated to all members within the prescribed period and advertised in the newspaper, be taken as read.

He briefed the members present of the procedure to be adhered to in tabling and approving the resolutions in this meeting. He added that all the 9 resolutions would be voted on by poll at the end of the Q & A session of today’s agenda. The Board will address the questions posed by the shareholders at this meeting via real time submission of typed texts in the query box during Q & A session.

Where there are areas of overlap in the scope of the questions asked, the Board will not be providing response to every question received. Instead, where the questions overlap, the Board will group the related and similar questions and provide its responses.

The Board and Management team will endeavor to answer the questions posed during the Q&A session. In the event that the Board is unable to answer all the questions due to time constraint, the responses to the remaining questions will be made available on the Company’s website within 7 days after the meeting.

After dealing with the questions, the 9 Resolutions will be put to vote remotely using the remote participation and voting or the RPV facilities. Members who wished to vote before the voting session begins, may do so as online remote voting is accessible from now until such time to be announced later.

The Company has appointed Agmo Digital Solutions Sdn Bhd (“AGMO”) as Poll Administrator to conduct the electronic polling process and Sky Corporate Services Sdn Bhd as the Independent Scrutineer to verify the poll results.

The Chairman reminded members that attendance at this AGM is restricted to the Company’s shareholders, proxies and authorised representatives of corporate shareholders who have registered to participate in this meeting remotely. As discussions at this AGM might be deemed confidential and only for the knowledge of the relevant parties, any visual or audio recording whilst this AGM is conducted, is strictly prohibited unless the Board’s written consent has been obtained prior to this meeting.

Please be mindful that whilst the Board try its best to ensure a smooth live streaming, the quality of the broadcast very much depends on attendees’ internet bandwidth connection as well.

The Poll Administrator, AGMO is invited to explain how the electronic/remote poll voting is to be conducted.

AGM21/05 AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 TOGETHER WITH THE REPORTS OF DIRECTORS AND AUDITORS THEREON

The Chairman proceeded to the first item of the agenda, which was to receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.

He informed the members present that the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon had been circulated to all members within the prescribed period, a copy of which was tabled at the Meeting. He then invited questions from the floor.

He advised members who want to raise them by typing their questions in the query box. The Board will address the questions during the Q&A session later.

AGM21/06 DIRECTORS' FEES AND BENEFITS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021

The Chairman proceeded to table the second item of the agenda, to approve the payment of Directors' fees and benefits for the Company and its subsidiaries of RM124,200.00 for the financial year ending 31 December 2021.

He advised members to raise their questions by typing them in the query box. The Board will address the questions during the Q&A session later.

AGM21/07 RE-ELECTION OF DIRECTORS

In accordance with Article 90 of the Company's Constitution, Datuk Ng Yeng Keng @ Ng Ka Hiatt and Mr Chua Syer Cin shall retire from the Board at this Meeting and being eligible, have offered themselves for re-election to the Board.

The Chairman put to the meeting the motion to re-elect Datuk Ng Yeng Keng @ Ng Ka Hiatt to the Board.

He subsequently put to the meeting the motion to re-elect Mr Chua Syer Cin to the Board.

Members are advised to type their questions in the query box if they have any questions on these two motions as the Board will address the questions during the Q&A session later.

AGM21/08 RE-APPOINTMENT OF AUDITORS

The Chairman informed the members present that the retiring auditors, Messrs Ernst & Young PLT have indicated their willingness to continue in office.

The Chairman advised members to type their questions in the query box if they have any questions on this motion. Their questions will be addressed during the Q & A session later.

AGM21/09 AUTHORITY TO ALLOT SHARES

The Chairman proceeded to the special business pertaining to the authority to the Directors to allot shares pursuant to Sections 75(1) and 76(1) of the Companies Act, 2016 subject to the Constitution of the Company and approvals from the Bursa Malaysia Securities Berhad and other regulatory bodies.

He advised members to raise their questions by typing them in the query box. The Board will address the questions during the Q&A session later.

AGM21/10 CONTINUATION OF TERMS OF OFFICE AS INDEPENDENT DIRECTOR

As he was the Interested Director in this next motion, he passed the chair to Mr Ng Chin Kang to proceed with the meeting.

Mr. Ng Chin Kang took the Chair and informed the Members present that the next three motions were tabled in compliance with the Malaysian Code on Corporate Governance as Mr. Loh Chee Kan, Mr. Chua Syer Cin and En. Mohd Salleh Bin Jantan had served the Company for more than 12 years. Justification to retain their service had been included in the Annual Report 2020 and the relevant procedure had been adhered to accordingly.

The Chairman put to the meeting the motion to approve the continuation of terms of office of Mr. Loh Chee Kan as an Independent Director. He advised members who want to raise questions to do so by typing them in the query box. The Board will address the questions during the Q&A session later. He then passed the Chair to Mr Loh Chee Kan to continue with the rest of the agenda.

The Chairman put to the meeting the motion to approve the continuation of terms of office of Mr. Chua Syer Cin as an Independent Director. Members can type their questions in the query box on this motion for the Board to address them during the Q&A session later.

The Chairman put to the meeting the motion to approve the continuation of terms of office of En. Mohd Salleh Bin Jantan as an Independent Director. The Chairman also reminded the members to type their questions in the query box on this motion for the Board to address them during the Q&A session later.

**AGM21/11 SPECIAL RESOLUTION
PROPOSED AMENDMENTS OF THE CONSTITUTION OF KIA LIM
BERHAD**

The Chairman informed the members that the last motion today is in respect of Proposed Amendments to Constitution. The Chairman also reminded the members to type their questions in the query box on this motion for the Board to address them during the Q&A session later.

The Chairman informed all members present that the Q & A session be conducted now. The following questions and answers were raised during the Q & A session –

No.	Questions	Shareholder Name	Answers - Chairman
1	The Group has deferred certain upgrading automation projects due to tight control over cash outlay on capital expenditures. Could the Management please provide further information about these upgrading automation projects and the updated timeline of implementation? How much favorable financial implications are forecasted for these upgrading automation projects?	Chan Fung Han	It is related to a packaging automation machine. It will not have any material financial implications and is principally aimed to reduce the labour involvement, especially foreign workers. No specific timeline is given and the implementation is very much relied on the availability of cash flow.
2	It is stated that there is no sign of uptick in demand for clay brick products. What is the outlook of the Group in FY2021 and beyond?	Chan Fung Han / Lau Choon Hooi	The Company's future outlook: i) The business environment is expected to stay challenging as the Covid-19 pandemic has yet to be brought under control ii) Lingering issues of supply overhang and price affordability, the outlook for the real property market remains cautious. iii) With no imminent recovery in sight in the real property sector, construction activities in the sector are unlikely to pick up momentum anytime soon, and hence the demand for clay bricks will likely stay soft.
3	The Group relied on banking facilities and working capital arising from payables to manage its liquidity in FY2020. What is the Group's funding approach to run its operations in FY2021?	Chan Fung Han	There will be no significant change in the Group's funding approach in FY2021 and no plan for any fund raising exercises for the time being.

4	<p><u>Board Composition</u></p> <p>There is no female Director on the Board? Any plan to appoint a new female Director to the Board?</p>	Chan Fung Han	Kia Lim does not set any specific target for female directors in the boardroom but as and when appropriate, will prioritise the appointment of female directors to the Board, based on needs and merits.
5	<p><u>Sustainability Statement</u></p> <p>It is stated in Chairman’s Statement and Management Discussion & Analysis that the Group’s hiring of foreign workers is only confined to its 3D (Dirty, Dangerous, and Difficult) workplaces. Could the Safety, Environmental and Security Committee (SESC) please explain about the measures taken/planned to improve the environmental conditions, safety, and hygiene of the workplace?</p>	Chan Fung Han	We have established a sub-committee, Safety, Environmental and Security Committee (SESC) to manage safety and health related issues at the operating plants. SESC will conduct regular audits to check on the functionality of fire extinguishers, condition of the air compressors, first aid kits and also on the compliance of wearing PPEs at the operating plants. SESC also continuously reviews the system that is in place, and where necessary, new measures are introduced to improve the safety and hygienic working conditions.
6 7	<p><u>Key Audit Matters – Impairment Assessment of Property, Plant and Equipment</u></p> <p>Which valuer had been appointed by the Group to carry out the valuation of property, plant and equipment?</p> <p>What are the key assumptions or significant inputs included in the valuation approach / methodology by the valuer?</p>	Chan Fung Han	<p>Asian Pullprop Sdn Bhd</p> <p>Used 2 of the generally accepted methods: 1) Cost approach; and 2) Comparison approach.</p>

8	<p><u>Going concern</u></p> <p>Which corporate shareholder had agreed to provide financial support to the Group? What is the interest rate and repayment term of the advances granted to the Group?</p>	Chan Fung Han	Kia Lim Timber Trading Sdn Bhd provides financial support with no specified repayment term and is interest free.								
9	<p><u>Note 8 - Employee Benefits Expense</u></p> <p>Wages and salaries had decreased by RM1,078,695 in FY2020. What has contributed to the decrease in staff cost? Did the Group downsize its staff number or any pay cut to the staff salaries?</p>	Chan Fung Han	Reduction in headcounts as a result of the downsizing exercise by shutting down one of the production Plants in a subsidiary. It is also due to employees pay cut as a result of MCO.								
10	<p><u>Note 10 - Income Tax</u></p> <p>Could the Management provide the breakdown for the expiry of unused tax losses?</p>	Chan Fung Han	<table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">RM</td> </tr> <tr> <td>Accumulated losses up to YA2018 to be expired on 2025</td> <td style="text-align: right;">9,646,000</td> </tr> <tr> <td>Loss incurred in YA2020 and to be expired on 2027</td> <td style="text-align: right;">2,132,000</td> </tr> <tr> <td>Unutilised tax losses</td> <td style="text-align: right;"><u>11,778,000</u></td> </tr> </table>		RM	Accumulated losses up to YA2018 to be expired on 2025	9,646,000	Loss incurred in YA2020 and to be expired on 2027	2,132,000	Unutilised tax losses	<u>11,778,000</u>
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Unutilised tax losses	<u>11,778,000</u>										
11	<p><u>Note 14 - Investment in Subsidiaries</u></p> <p>What are the salient features of the RCPS that are subscribed by the Company?</p>	Chan Fung Han	The Redeemable Convertible Preference Share (RCPS) is issued with the main features that the redemption and conversion is at the option of the issuer at RM1.00 per share and is on perpetual basis.								

	<u>Note 24 – Commitments</u>	Chan Fung Han	
12	Why is the Group’s capital commitment the same amount of RM3,482,865 for both FY2020 and FY2019?		Referring to the same asset for both FY2020 and FY2019, i.e., a packaging automation machine
13	What are the property, plant and equipment approved but yet to be contracted?		It is the de hacking machine which has been approved but not yet contracted. The Board is monitoring the situation.
	<u>Note 29 – Covid-19 Pandemic</u>	Chan Fung Han	
14	The Group has activated its business continuity plan to ensure minimal disruption to its daily operations. Could the Management please elaborate on this business continuity plan and what are the measures implemented by the Group to sustain its business activities in light of the pandemic?		The Group business continuity plan is basically involved the following key areas: 1) To optimize the health and safety of employees. The Board has to ensure the employees are safe from Covid 19 and advised employees to go for vaccination and adhere to SOP. 2) To reduce the disruptions to production by keeping adequate level of raw materials. 3) To ensure sufficient supply of brick products in meeting the demand from customers.
15	How much was the impact of the company due to MCO?	Lau Choon Hooi	The estimated loss of sales will be around RM7 million - RM9 million due to MCO and lockdown.
16	How much was the cost saving of this virtual AGM as compared to the physical one?	Lau Choon Hooi	In fact, there is no cost saving. The cost for virtual AGM is around RM20,000 as compared to RM10,000 for physical AGM.
17	Will the Board consider giving door gifts, such as e-voucher or e-wallet for those that have participated in this AGM ?	Lau Choon Hooi	We may consider it in the future but not for the time being.

For the questions that we have not been able to address during the allocated time, the responses to those questions will be emailed to the shareholders or posted on the Company's website after the Meeting. Q & A session ended now followed by polling to be conducted for all the 9 Resolutions. Online remote voting session commenced and will be opened for 10 minutes, and will automatically end after 10 minutes. Subsequently, he said that the online voting session is closed and voting will be counted by the Poll Administrator and verified by the Scrutineer. Meeting shall be adjourned for around 20 to 30 minutes to complete the counting and verification by Poll Administrator and Scrutineer respectively.

After a short break, the meeting resumed where the results of polling were shown on the screen. The results of the polling were as follows-

Resolutions	For		Against	
	No. of Shares	Percentage	No. of Shares	Percentage
1.	23880937	99.99957%	102	0.00043%
2.	23881039	100%	0	0%
3.	23881039	100%	0	0%
4.	23881039	100%	0	0%
5.	23881037	99.99999%	2	0.00001%
6. (Tier 1)	18074275	100%	0	0%
6. (Tier 2)	5806764	100%	0	0%
7. (Tier 1)	18074275	100%	0	0%
7. (Tier 2)	5806764	100%	0	0%
8. (Tier 1)	18074275	100%	0	0%
8. (Tier 2)	5806764	100%	0	0%
9.	23881037	99.99999%	2	0.00001%

The Chairman went on to announce the result of the poll, and on the basis of the result all the resolutions as set out in the day's agenda were declared duly carried including the following special resolution-

SPECIAL RESOLUTION
PROPOSED AMENDMENTS OF THE CONSTITUTION OF KIA LIM BERHAD

THAT alterations, modifications, additions or deletions to the Company's Constitution as set out Appendix I be hereby approved AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the 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 for and on behalf of the Company.

AGM21/12 TERMINATION

There being no further business, the Meeting terminated at 1.20 p.m. with a vote of thanks to the Chair.

Confirmed as correct records,

Chairman