

CYL CORPORATION BERHAD
200001013537 (516143-V)
("the Company" or "CYL")
(Incorporated in Malaysia)

MINUTES OF THE TWENTY-SECOND ANNUAL GENERAL MEETING ("AGM") OF THE COMPANY HELD AT BALLROOM 2, LG LEVEL, EASTIN HOTEL, 13, JALAN 16/11, PUSAT DAGANG SEKSYEN 16, 46350 PETALING JAYA, SELANGOR DARUL EHSAN ON THURSDAY, 28 JULY 2022 AT 10.00 A.M.

Present : Tan Sri Abu Talib Bin Othman – *Non-Independent Non-Executive Chairman*
Mdm Tang Sook Kuen – *Independent Non-Executive Director*
Mr Ong Chong Chee – *Independent Non-Executive Director*
Ms Gan Kok Ling – *Independent Non-Executive Director*
Mr Chen Yat Lee – *Managing Director*
Mr Chen Teck Shin – *Executive Director*
Ms Chen Wai Ling – *Executive Director*
Mr Chen Teck Sun – *Alternate Director to Mr Chen Yat Lee*

Others as per Attendance List

CHAIRMAN

The Chairman, Tan Sri Abu Talib Bin Othman, welcomed the members and attendees to the Company's Twenty-Second AGM and introduced the board members to the members.

NOTICE

The Notice convening the meeting, having been circulated earlier to all the members of the Company within the prescribed period, was taken as read.

QUORUM

Upon confirming the presence of the requisite quorum pursuant to Clause 56(2) of the Constitution of the Company, the Chairman called the meeting to order at 10.00 a.m.

The Chairman informed that pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice of a general meeting must be voted by poll.

The Chairman demanded for a poll to be carried out on Ordinary Resolutions 1 to 6 as stated in the Notice of Twenty-Second AGM pursuant to the Constitution of the Company and informed that the poll would be conducted after dealing with all items on the agenda.

The poll administrator was Tricor Investor & Issuing House Services Sdn. Bhd. ("Poll Administrator") and the independent scrutineer was Asia Securities Sdn Berhad ("Scrutineer").

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2022 ("AFS 2022") TOGETHER WITH THE DIRECTORS' AND AUDITORS' REPORT THEREON

The Chairman informed that the AFS 2022 together with the Directors' and Auditors' Reports was meant for discussion only as the Companies Act 2016 ("the Act") does not require a formal approval of the members for the AFS 2022. Therefore, the item was not put forward for voting.

The Chairman thereafter invited questions from the floor.

After dealing with the questions from the floor (attached hereto as “**Appendix A**”), the Chairman declared that the AFS 2022 together with the Reports of the Directors and Auditors thereon be received.

2. **RESOLUTION 1**
RE-ELECTION OF MADAM TANG SOOK KUEN WHO RETIRES PURSUANT TO
CLAUSE 76(3) OF THE CONSTITUTION OF THE COMPANY

The Chairman informed that Resolution 1 was on the re-election of Madam Tang Sook Kuen.

He put the following motion to the meeting for consideration and informed that the poll would be conducted later:

“THAT Madam Tang Sook Kuen retiring pursuant to Clause 76(3) of the Constitution of the Company and who being eligible, be hereby re-elected as Director of the Company.”

3. **RESOLUTION 2**
RE-ELECTION OF MS CHEN WAI LING WHO RETIRES PURSUANT TO CLAUSE
76(3) OF THE CONSTITUTION OF THE COMPANY

The Chairman moved on to Resolution 2 which was on the re-election of Ms Chen Wai Ling.

He put the following motion to the meeting for consideration and informed that the poll would be conducted later:

“THAT Ms Chen Wai Ling retiring pursuant to Clause 76(3) of the Constitution of the Company and who being eligible, be hereby re-elected as Director of the Company.”

4. **RESOLUTION 3**
RE-ELECTION OF MS GAN KOK LING WHO RETIRES PURSUANT TO CLAUSE
78 OF THE CONSTITUTION OF THE COMPANY

The Chairman continued with the next agenda which was on the re-election of Ms Gan Kok Ling.

He put the following motion to the meeting for consideration and informed that the poll would be conducted later:

“THAT Ms Gan Kok Ling retiring pursuant to Clause 78 of the Constitution of the Company and who being eligible, be hereby re-elected as Director of the Company.”

5. **RESOLUTION 4**
NON-EXECUTIVE DIRECTORS’ FEES FOR THE PERIOD COMMENCING ON 1
FEBRUARY 2022 UP TO THE DATE OF THE NEXT AGM TO BE HELD IN 2023

The next item on the agenda was on the payment of Directors’ fees to the Non-Executive Directors for the period commencing on 1 February 2022 up to the date of the next AGM to be held in 2023.

The Chairman put the following motion to the meeting for consideration and informed that the poll would be conducted later:

“THAT the Non-Executive Directors’ fees of RM468,000 for the period commencing on 1 February 2022 up to the date of the next AGM to be held in 2023 be hereby approved.”

6. **RESOLUTION 5**
DIRECTORS’ BENEFITS PAYABLE TO THE NON-EXECUTIVE DIRECTORS FOR THE PERIOD COMMENCING ON THE DATE IMMEDIATELY AFTER THE DATE OF THE TWENTY-SECOND AGM UP TO THE DATE OF THE NEXT AGM TO BE HELD IN 2023

The Chairman moved on to Resolution 5 which was on the payment of Directors’ benefits to the Non-Executive Directors for the period commencing on the date immediately after the date of the Twenty-Second AGM up to the date of the next AGM to be held in 2023.

He put the following motion to the meeting for consideration and informed that the poll would be conducted later:

“THAT the Directors’ benefits of RM30,000 payable to the Non-Executive Directors for the period commencing on the date immediately after the date of the Twenty-Second AGM up to the date of the next AGM to be held in 2023 be hereby approved.”

7. **RESOLUTION 6**
RE-APPOINTMENT OF MAZARS PLT AS AUDITORS OF THE COMPANY

The Chairman proceeded to the next item on the agenda which was on the re-appointment of Mazars PLT as Auditors of the Company.

He put the following motion to the meeting for consideration and informed that the poll would be conducted later:

“THAT Mazars PLT be hereby re-appointed as Auditors of the Company at a fee to be agreed upon with the Directors and to hold office until the conclusion of the next AGM.”

8. **ANY OTHER BUSINESS**

The Chairman informed that no notice for other business pursuant to the Act had been received.

CONDUCT OF POLL

Having dealt with all the items on the agenda, the Chairman invited the Secretary to brief the floor on the polling procedures. The meeting then proceeded to conduct the poll on Resolutions 1 to 6. The Chairman adjourned the meeting at 10.50 a.m. for the counting of votes.

Upon completion of the counting of votes by the Poll Administrator and verification of the results by the Scrutineer, the Chairman resumed the meeting at 11.15 a.m. for declaration of the results of the poll.

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The Chairman presented the results of the poll (attached hereto as “**Appendix B**”) to the meeting and declared Resolutions 1 to 6 carried.

CLOSURE

The Chairman closed the meeting at 11.16 a.m. and thanked those present for their attendance.

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QUESTION AND ANSWER (“Q&A”) SESSION OF THE TWENTY-SECOND ANNUAL GENERAL MEETING (“AGM”) OF THE COMPANY HELD ON THURSDAY, 28 JULY 2022 AT 10.00 A.M.

1. It has been noted that the four (4) main challenges faced by the Group are operating costs, the increase in resin price, which is the Group’s main cost driver, low margin/stiff competition in the market and low turnover.

In view of the challenging business environment:

- (a) what is CYL’s strategy to overcome the challenges mentioned?
- (b) what are the actions taken by CYL to rationalise its business operations?
- (c) are there any plans for expansion, i.e. CYL’s business direction and strategy?

The Company’s response:

The Group has been facing increase in labour cost due to minimum wage regulations, and electricity cost due to increase in electricity tariff. Raw material costs have also increased due to the Russia-Ukraine War which is an external factor beyond the control of the Group. CYL will strive to mitigate the increase in costs, but this would not be an easy feat.

The Group started to invest in automation ten years ago. With automation, the Group has improved its productivity and quality and reduced manpower in the factories.

There are no plans for expansion at this point in time as the Group wants to conserve its reserves. Due to uncertainties in the business environment, CYL will focus on securing more new clients and businesses. The Group does not have any borrowings and does not incur rental cost as the properties are owned by the Group.

2. (a) What kind of automation the Company has invested in and what are the savings?
- (b) CYL’s performance is poorer compared to five years ago. Is this due to the lower utilisation of capacity?
- (c) How successful is the Company in passing on costs to its customers since other competitors also face the same issue?

The Company’s response:

The Group is currently operating at 75% capacity. The older machines that are obsolete/no longer in use will be replaced with new machines. It is costlier to run the old machines due to costly repairs and maintenance.

Automation allows the Group to operate with fewer workers. Prior to automation, the Group had approximately 500 workers. Post automation, manpower was reduced to 200. Automation has not only improved the speed of production but also the quality of products. The Group will invest in new machinery every 1 to 2 years.

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Q&A SESSION OF THE TWENTY-SECOND AGM OF THE COMPANY HELD ON THURSDAY, 28 JULY 2022 AT 10.00 A.M.

The Group lost a major customer with an order value of RM10 million a few years ago to a competitor. The customer which was acquired by a foreign company in India, had carried out a cost cutting exercise and as a result, the Group could not continue its business relationship with that customer.

The Group is unable to pass on all the costs to customers as it is operating in a highly competitive market and the customers, whom the Group has a long-term relationship, are price sensitive. The Group has a price adjustment mechanism in place, where the price of products is revised and adjusted every 3 months based on the price of the raw materials. As mentioned, the Group will try to secure jobs with better pricing.

3. In the past, the Group's turnover was double of the current turnover.*The Company's response:*

If the Group had continued its business relationship with the lost customer mentioned earlier, the Group could have had a higher turnover but a lower bottom-line result.

4. Amidst the competition, the Group has managed its working capital well. However, when the Group competes with competitors, the competitors' overheads are lower, and they can offer better pricing. The Group should leverage its good reputation to compete and gain a bigger market share. The Group should find a niche as it cannot be relying on cost cutting measures alone. Marketing strategy needs to be looked at to achieve business dynamics.*The Company's response:*

The Group was an early industry player/market entrant. When it started operations, there were around 10 players in the market. A few have since been wound up and some have been sold to investors. The Group will continue its effort in securing more businesses and diversify into other lines of plastic products.

5. Does the Group use recycled resins?*The Company's response:*

The Group uses its own recycled resins. It does not purchase external recycled resins. There are many grades of recycled resins and the grade required will depend on the product and process. Furthermore, plastic products for food packaging are subject to stringent requirements.

The Group will continue to monitor its production costs without compromising on product quality.

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Q&A SESSION OF THE TWENTY-SECOND AGM OF THE COMPANY HELD ON THURSDAY, 28 JULY 2022 AT 10.00 A.M.

6. **What are the reasons for the volatile earnings and high fluctuations in the Group's quarterly results and performance?**

The Company's response:

The Group's performance has been fairly stable over the years. The increase in expenses and decrease in bottom line result for the quarter preceding the quarter ended 30 April 2022 was mainly due to a newly onboarded customer that had requested for mould fabrication. The fabrication was carried out at the Group's cost (as a one-time charge out expense). The mould however, was not capitalised as it belonged to the customer. The timing difference attributed to the expenses of these nature are part of the reason why there is a fluctuation in the Group's quarterly results and performance.

The Group does not sell to the end-customers. Its revenue is dependent on the customers' orders. Many of the customers are multinational companies. When the customers have new product launches, they will place more orders.

7. **Will the Board consider giving another voucher on top of the RM18 voucher distributed earlier for those that are participating in this AGM?**

The Company's response:

The Board will look into this.

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(516143-V)

Twenty-Second Annual General Meeting

Ballroom 2, LG Level, Eastin Hotel, 13, Jalan 16/11, Pusat Dagang Seksyen 16,

46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia

On 28-July-2022 at 10:00AM

Result On Voting By Poll

Resolution(s)	Vote For		Vote Against		Total Votes	
	No of Units	%	No of Units	%	No of Units	%
Ordinary Resolution 1	68,238,363	100.0000	0	0.0000	68,238,363	100.0000
Ordinary Resolution 2	68,238,363	100.0000	0	0.0000	68,238,363	100.0000
Ordinary Resolution 3	68,238,363	100.0000	0	0.0000	68,238,363	100.0000
Ordinary Resolution 4	22,830,205	100.0000	0	0.0000	22,830,205	100.0000
Ordinary Resolution 5	52,644,105	99.9998	100	0.0002	52,644,205	100.0000
Ordinary Resolution 6	68,238,363	100.0000	0	0.0000	68,238,363	100.0000

