

SLP RESOURCES BERHAD
Company No. 200401025355 (663862-H)
(Incorporated in Malaysia)

Minutes of the Seventeenth Annual General Meeting (“17th AGM”) of the Company held as a fully virtual manner via live streaming and online meeting platform at <https://web.vote2u.my> (Domain Registration with MYNIC D6A471702) on Friday, 10th June 2022 at 11.00 a.m.

PRESENT

Directors: -

Mr. Khaw Khoon Tee	- Executive Chairman
Mr. Khaw Seang Chuan, Kelvin	- Group Managing Director
Ms Khaw Choon Hoong, Jasmine	- Executive Director
Ms Khaw Choon Choon, Jessy	- Executive Director
Madam Mary Geraldine Phipps	- Senior Independent Non-Executive Director
Mr. Chan Wah Chong	- Independent Non-Executive Director
Mr. Law Cheng Lock	- Independent Non-Executive Director

IN ATTENDANCE

Ms Ch’ng Lay Hoon, Company Secretary

BY INVITATION

Ms Lim Su Ling	- Messrs KPMG PLT
Ms Joyce Wong	- Messrs JWC Consulting Sdn. Bhd.

The shareholders, corporate representatives and proxies who attended the fully virtual 17th AGM shall form an integral part of these minutes.

The Company Secretary informed the Meeting that as guided by the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 1 June 2021, the 17th AGM is conducted as a fully virtual general meeting.

CHAIRMAN ADDRESS

The Chairman introduced himself and welcomed all those present for the 17th AGM and thanked them for participating remotely from various locations through live streaming.

The Chairman stated that the Company Secretary has confirmed that pursuant to Article 69 of the Company’s Constitution, the quorum is present. As the requisite quorum is being present, the Chairman commenced the formal business for the meeting and called the meeting to order.

The proceeding of the 17th AGM was then handed over to the Company Secretary.

The Company Secretary then informed the Meeting that for smooth transition of the 17th AGM, Mr. Kelvin and Ms Jasmine have been duly appointed as the co-chair of the 17th AGM.

She added that the 17th AGM is facilitated via web.vote2u e-Portal, which provides shareholders the opportunity to participate in the Meeting via live streaming, questions could be made via “Q&A Feature”, and votes could be remotely casted in the said Portal at your convenience (collectively, the “RPV” facilities.)

The Group Managing Director, Mr. Kelvin Khaw was then invited to present an overview of the Group's performance for the financial year ended 31 December 2021.

Mr. Kelvin shared his views on "Balance Between Life and Livelihood" for the challenged year 2021, the below were noted: -

- a) Infectious Delta variance impact on health and safety;
- b) Travel restrictions, lockdowns and 60% operation limits;
- c) Other compliance protocols such as voluntary plant closure;
- d) Supply chain disruptions, major floods in Selangor;
- e) Swift adoptions of new strategies to mitigate risks; and
- f) Skilled balancing

Mr. Kelvin then proceeded to share the Indicators and Performance of the Group by products, scrap, recycle and year to date utilization percentages, revenue, profit before & after tax vs target; Resin Prices Trend, Current Challenges such as geopolitical risks, inflationary pressures, workforce shortages, prolonged supply chain interruptions with partial China lockdown & USD strength.

Going forward, the Group Managing Director reported that the Group has the below in the pipelines: -

- a) Expediting digital transformations;
- b) Minimising production wastages;
- c) Strengthening and further improving of Balance Sheet; and
- d) Commercialising of New Products (Specialised Films)

Mr. Kelvin ended his presentation with vote of thanks to all shareholders for their continuing supports.

The Company Secretary thanked the Group Managing Director for his presentation.

The Company Secretary then took the Meeting through the proceedings of the 17th AGM, which was conducted on a fully virtual manner.

The Meeting noted that as discussion that transpires in the Meeting was deemed confidential, any visual or audio recording of this Meeting is strictly prohibited unless our prior written consent is obtained. With the RPV facilities, the shareholder may exercise his/her right as a shareholder of the Company to participate including forwarding your questions to the Board or Management of the Company and vote at the 17th AGM, at the comfort of your home or location.

It was also noted that there were shareholders who are unable to participate in the 17th AGM via RPV facilities, have appointed the Chairman of this Meeting, to vote on their behalf. Accordingly, the Chairman will be voting in his capacity as proxy in accordance with the shareholders' instructions.

The Meeting noted that the voting session has been made accessible to all shareholders and proxies to submit their votes from the start of the Meeting and shall close upon the closure of the voting session to be announced later by the Chairman of the Meeting. Alternatively, the shareholders may also cast and submit their votes, upon completion of the deliberation of all items to be transacted at the 17th AGM.

The Company Secretary informed the Meeting that the Company has appointed Agmo Digital Solutions Sdn. Bhd. to conduct the poll for this AGM whereupon online electronic voting will be conducted. The Company has appointed WHL Advisory & Marketing Sdn. Bhd. as the Independent Scrutineer to verify the poll results of this Meeting.

She added that upon completion of the deliberation of all items to be transacted at the 17th AGM, there will be a “Q&A Session”, where the Board will address the questions posed by the shareholders at the Meeting via real time submission of typed texts in the “Q&A Feature”. The Meeting noted that questions that being received will not be answered in any particular sequence in relation to the agenda and 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 questions overlap, the Board will group the related and similar questions and provide the responses accordingly.

The Meeting then noted that the Board and management team will endeavor to answer the questions posed during the Q&A Session however, the responses to the remaining questions, if any, will be responded via email after this Meeting.

The Meeting also noted whilst the Board tried the best to ensure a smooth live streaming, the quality of the broadcast may be affected by the shareholder’s internet bandwidth connection.

The Meeting then moved to the meeting proper.

NOTICE OF AGM

The Company Secretary informed that the Notice convening the 17th AGM of the Company was circulated to all shareholders and advertised in The Straits Times on 28th April 2022.

Since the Notice convening this 17th AGM has been circulated within the prescribed period, without any objection, the Notice of Meeting shall be taken as read.

The Company Secretary informed that voting at the 17th AGM will be conducted by way of poll, in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad.

The Company Secretary then presented the agenda of the 17th AGM.

AGENDA 1 - AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS

The Audited Financial Statements of the Company and Group for the financial year ended 31 December 2021 together with the Directors’ and Auditors’ Reports thereon which were previously circulated to the shareholders of the Company were laid at the meeting for discussion.

The Company Secretary stated that this Agenda is meant for discussion only and it will not be put forward for voting.

The Company Secretary also informed that the Audited Financial Statements and Reports were incorporated in the Annual Report 2021 and published on the Company’s webpage.

The shareholders were reminded that they may raise the relevant questions by typing the questions in the query box. The Board will address the questions during the Q&A Session later.

The Chairman then declared that the Audited Financial Statements of the Company and Group for the year ended 31 December 2021 were duly tabled and received by the shareholders of the Company.

ORDINARY RESOLUTIONS 1 & 2

RE-ELECTION OF DIRECTORS –MS. KHAW CHOON HOONG AND MADAM MARY GERALDINE PHIPPS

The Company Secretary informed the meeting that Ordinary Resolutions 1 and 2 dealt with the re-election of two (2) Directors, namely Ms Khaw Choon Hoong and Madam Mary Geraldine Phipps who retired pursuant to Article 88 of the Company's Constitution and being eligible, had offered themselves for re-election.

The shareholders were then reminded that they may raise the relevant questions by typing the questions in the query box. The Board will address the questions during the Q&A Session later before the Meeting proceeded with the next agenda.

ORDINARY RESOLUTION 3

PAYMENT OF DIRECTORS' FEES OF UP TO RM200,000 FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022

The Company Secretary informed that the next agenda of the meeting was to approve the Directors' Fees of up to RM200,000 for the financial year ending 31 December 2022.

The Meeting recorded that the shareholders may raise relevant questions pertaining to Ordinary Resolution 3 by typing the questions in the query box.

The Meeting proceeded with the next agenda of the Meeting.

ORDINARY RESOLUTION 4

PAYMENT OF BENEFIT PAYABLE TO NON-EXECUTIVE DIRECTORS UP TO RM25,000 FROM 11 JUNE 2022 TO THE NEXT AGM OF THE COMPANY

The Company Secretary informed that the next agenda of the meeting was to approve the payment of Benefit Payable to Non-Executive Directors up to RM25,000 from 11 June 2022 to the next AGM of the Company.

The Meeting recorded that the shareholders may raise relevant questions pertaining to Ordinary Resolution 4 by typing the questions in the query box.

The Meeting proceeded with the next agenda of the Meeting.

ORDINARY RESOLUTION 5

RE-APPOINTMENT OF MESSRS KPMG PLT AS AUDITORS OF THE COMPANY AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

The Company Secretary informed that Ordinary Resolution 5 was to re-appoint Messrs KPMG PLT, the retiring Auditors as the Auditors of the Company and to authorise the Directors to fix their remuneration.

The Meeting was informed that the Auditors, Messrs KPMG PLT have indicated their willingness to continue in office.

The shareholders were informed that relevant questions may be raised in the query box for the Board to response during the Q&A Session later.

The Meeting proceeded with the next agenda of the Meeting.

ORDINARY RESOLUTION 6

AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

The meeting proceeded with the Special Business of the Agenda to obtain the approval from the shareholders to empower the Directors to issue additional shares up to an aggregate amount not exceeding 10% of the total number of issued share capital of the Company.

This resolution, when approved by the shareholders, would allow the Board a certain amount of flexibility, when the need arises, to issue additional shares subject to approval of all relevant regulatory bodies being obtained, where necessary.

The shareholders were informed that relevant questions may be raised in the query box for the Board to respond during the Q&A Session later.

The Meeting then proceeded with the next agenda of the Meeting.

ORDINARY RESOLUTION 7

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The Company Secretary informed that Ordinary Resolution 7 sets out the proposed shareholders' mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with details as set out the Circular to Shareholders dated 28 April 2022.

The Meeting recorded that the shareholders may raise relevant questions pertaining to Ordinary Resolution 7 by typing the questions in the query box.

The Meeting then proceeded with the next agenda of the Meeting.

ORDINARY RESOLUTIONS 8 & 9

RETENTION OF INDEPENDENT NON-EXECUTIVE CHAIRMAN

The Company Secretary informed that Ordinary Resolutions 8 & 9 dealt with the retention of Madam Mary Geraldine Phipps and Mr. Chan Wah Chong as Independent Non-Executive Directors of the Company.

It was noted that the details of the Board's justifications and recommendations for retaining him are set out under the Notice of the 17th AGM.

The Meeting noted that a two-tier voting process will be conducted for both Ordinary Resolutions 8 & 9.

The Meeting recorded that the shareholders may raise relevant questions pertaining to Ordinary Resolutions 8 & 9 by typing the questions in the query box.

The Meeting proceeded with the next agenda of the Meeting.

AGENDA 10 - ANY OTHER BUSINESS

It was noted that no notice of any other business for transaction had been received by the Company for the 17th AGM.

QUESTIONS & ANSWERS (“Q&A”) SESSION

The Company Secretary informed the Meeting the Company has received a letter dated 2 June 2022 from Minority Shareholders Watch Group (“MSWG”) and the Group Managing Director shall respond accordingly first before the Meeting proceeded with questions received from the shareholders and proxies through web.vote2u e-Portal during the Meeting.

The Group Managing Director, Mr. Kelvin, then took over the Meeting for Q&A Session.

Questions and responses to MSWG were recorded as follow: -

Operational & Financial Matters

SLP registered significantly higher sales from the trading of polymer products in FY2021 which surged about 50% to RM58.29 million from RM39.01 million in the year before (page 94, Note 16.1 - Disaggregation of revenue, Annual Report [“AR”] 2021).

At the same time, SLP’s sales to the domestic market surged 24% to RM97.07 million (FY2020: RM78.31 million).

- a) Why were SLP’s polymer products highly sought after in the domestic market? Are the higher sales of polymer products sustainable in the coming years?

Responses: Since the pandemic declared by the WHO in early of 2020, there had been numerous impacts to the normal business routine internationally that caused by lockdowns, travel restrictions, logistics challenges and amongst others. The Group’s sales to overseas markets were also affected. The management had reacted swiftly to strategize locality focus since. Sales of polymer products shall sustain well in a foreseeable future as Malaysia is the largest plastic manufacturing hub among South East Asia countries.

- b) In contrast, sales from the manufacturing and sale of plastic packaging and its related products merely increased 2.47% to RM110.65 million compared to RM107.98 million in FY2020.

Does the Management foresee better sales from this segment in FY2022? If yes, what would be the driving factors (e.g., volume growth, higher selling price) for higher revenue?

Responses: Manufacturing and sales of plastic packaging products are highly dependent of adequate number of workforces. Subject to the progress of intake of new workers from local and overseas, the management is expecting this sector to improve in FY2022 along with higher average selling prices (ASPs).

- c) In FY2021, SLP had recorded lower production activities and lower sales volume (page 35 of AR2021).

What was the total capacity and the utilization rate of SLP’s plant in FY2021? What was the year-on-year change in sales volume in FY2021?

Responses: The Group’s annual nameplate capacity in FY2021 was 27,000 tons and utilization rate was 51.97%. Manufacturing and sales of plastic packaging products volume had dropped by 9.15% in comparison to FY2020.

2. Plastic packaging manufacturers are expected to face higher plastic resin prices in the near term due to macroeconomic headwinds.

- a) What is SLP’s view on the price of plastic resin which is a major raw material for the Company?

Responses: Polymer prices are mainly driven by Supply and Demand factor. Brent crude oil price can be an indicator to make short term judgement on how polymer prices move ahead. Our take is that prices should move from stable to firm in the remaining FY2022, once the partial lockdowns in China are lifted.

- b) To mitigate the cost pressure, SLP had revised the selling prices of the flexible plastic packaging products upwards in FY2021. How much was the adjustment on product selling prices?

Responses: FY2021 ASPs were about 13.5% higher in comparison to FY2020, along with the cost-pass-through mechanism.

- c) Are the clients of SLP comfortable with further increase in product selling prices moving forward?

Responses: There is already a cost-pass-through or saving-pass-on mechanism in place, and these mutual understandings are well communicated with SLP's clients.

3. SLP expects to incur higher labour costs in FY2022 in tandem with the revision of minimum wage from RM1,200 to RM1,500 per month with effect from 1 May 2022.

As of 31 December 2021, the Company had employed 261 staff, of whom 212 of them were factory employees (page 38 of AR2021).

- a) What is the estimated impact of the policy change on SLP's total labour cost, bottom-line and profit margin in FY2022?

Responses: The management estimated that the increase in minimal wages will incurred additional RM2.2 million annually. Referenced to the performance in year 2021, the additional cost will lower the Group's Profit After Tax margin by 1.3%.

- b) SLP continues to mitigate the effects from manpower shortage and the increasing labour cost by converting manual operations into automated processes to reduce dependence on labour.

What is the percentage of processes automation in SLP's plant presently?

Responses: Presently, the upstream process is 50% automated, while downstream processes are less than 10% automated.

4. The Management had adopted the strategy of not maintaining excessive inventory namely plastic resins because of price fluctuations (page 17 of AR2021).

Nevertheless, we have seen manufacturers buying more raw materials to stock up in the event price surges further due to ongoing geopolitical tensions, prolonged disruption in the global supply chain, rising commodity prices, and higher import costs.

Why did the Management have a different view on raw materials inventory management?

Responses: The management was of the view that the business and operation environment would be volatile, especially during MCO 3.0 when mandatory 60% workforce restrictions was implemented from June to October in year 2021. This had prompted the management to manage the inventory cautiously.

Sustainability Matters

1. The Group has departed from applying Practice 4.4 of the Malaysian Code on Corporate Governance which states that the performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Given the significance of sustainability in SLP's business, when would the Board be able to integrate material sustainability risks and opportunities in the performance evaluations of the Board and Senior Management?

Responses: The Group will be able to integrate material sustainability risks and opportunities in the performance evaluations of the Board and Senior Management for the financial year ending 2022 and onwards.

Corporate Governance Matters

1. Main Market-listed companies are required to publish a summary of the key matters discussed (KMD) at the AGM onto the Company's website after the conclusion of the general meeting, as per the requirement under Chapter 9, Paragraph 9.21(2) of the Main Market Listing Requirements (MMLR).

As of 1 June 2022, the KMD for SLP's AGM held in 2021 and the years before, were not available on the Company's website – <https://sinliplas.com.my/>

The disclosure of KMD is a requirement under the MMLR, please upload the KMD onto the corporate website.

Responses: A summary of the key matters discussed together with the minute of the 17th AGM will be uploaded to SLP's website as per the Listing guideline.

Mr. Kelvin then moved on in replying the questions received from the shareholders and proxies through web.vote2u ePortal with details as follows: -

Question 1: The Group's Profit Before Tax (PBT) Margins has been on a decline from 15% in FY2019 to about 13.8% in FY2021. The recent 1st Quarter 2022 results shown a further decline in the profit margin which was mainly due to increasing operating costs and other cost pressures. In addition, the Group has not been able to increase its revenue which is currently around RM160 million.

- (1) What are the actions taken by the management to sustain its profits margin?
- (2) Based on current orders, will SLP be able to improve its revenue compared to FY2021?

Responses: As presented earlier, the decline in performance were mainly due to infectious impact, travel restrictions, lockdowns, 60% operations limits etc. However, the Board is optimistic that the revenue and PBT are gradually improving.

Question 2: In the Sustainability Statement, the Group is committed to producing recyclable products (pages 32-33 of AR) which is also in line with the Sustainable Development Goals (SDG).

- (1) What is the target set by the Group the percentage of recyclable products to be developed and produced and the timeline to achieve this?
- (2) Are recyclable or biodegradable packaging products command a good margin currently and what is the average market of these products?

Responses: The Group only produces 100% recyclable products.

Question 3: It is very commendable that the Board has consistently maintained the dividend payout at 5.5 sen despite the various challenges faces in the past 2-3 years. Can the Board assure shareholders that it will strive to maintain the quantum of the dividends to be declared in view of the strong balance sheets of the Group and the consistent free cash flow every year?

Responses: It is the Company's policy for payment of 40% of its profits as a rewards to its shareholders, however, with the current challenges and the Company's going forward plan i.e. to strengthen and further improving its balance sheet, the Board shall endeavor to maintain its policy, where possible.

Question 4: The Group announced the disposal of a piece of land for RM6.5 million (page 90 of the AR).

- (1) The List of Properties on page 124 of AR showed 3 pieces of vacant industrial land. Which industrial land that was proposed for disposal?
- (2) What is the expected gain from the disposal of land?

(3) Expected completion date of disposal?

Responses: The proposed disposal of vacant industrial land is PM787, Lot No. 4819, Section 38 (previously HSM 4112, Lot No PT 340) Kawasan Perusahaan Kulim, Bandar Kulim, Daerah Kulim, Kedah Darul Aman, which was duly marked with “” on page 124 of the AR. As at 31st December 2021, the said property has a carrying value of RM861,000 and the proposed disposal is currently at the final stage with an estimated completion by August 2022.*

Question 5: Other listed plastic packaging materials on Bursa Malaysia have shown an increase in their Inventories in particular for raw materials as resin is the key raw material for production purposes. There was a decline in raw material under Inventories for FY2021 (page 88 of the AR). Has the Group planned ahead for the anticipated sharp increase in the prices of the raw material in particular resin. So far, is the Group able to pass on the increase in raw material costs to its end customers?

Responses: The same has been addressed during responses to MSWG.

Question 6: How is the progress of getting more foreign workers? How many foreign workers SLP is planning to get this year?

Responses: The Group is working closely with the authorities and looking forward to fill the vacancies and plans to increase the total workforce from 261 to 350.

Question 7: Would like to ask whether the management will keep the virtual online method while holding the physical AGM in the future, and the two will be held together? This makes it easier for shareholders in other states.

Responses: While acknowledging the request from the shareholder, there is no decision as yet on the mode of convening the future shareholders' meetings.

Question 8: Can the Board brief us what happen to the door knob disposal products.

Responses: To the best knowledge of the Board, there was a change in management of the customer in USA, however, the Board is still working closely on the development of the product.

Question 9: With the gain disposal of proposed disposal of property, will the Board be giving any dividend?

Responses: As answered earlier, the Board shall endeavor to maintain its dividend policy.

With no more questions from shareholders, the meeting proceeded with poll voting.

CONDUCT OF POLL VOTING

The Company Secretary informed that to facilitate the online voting, shareholders and proxies may submit their votes at the commencement of the 17th AGM and for the benefits of shareholders and proxies who have yet to submit their votes, the video on “Step-by-Step Voting Guide” was shown again.

The Chairman then declared closing of the voting session and adjourned for casting and verification.

ANNOUNCEMENT OF POLL RESULTS

The Meeting resumed for declaration of results.

The Company Secretary informed that the results of the poll taken have been verified by the Independent Scrutineers and declared the displayed results with details as follows: -

Ordinary Resolution	Vote For			Vote Against		
	No. of Shares	%	No. of Records	No. of Shares	%	No. of Records
1	232,496,030	100.0000	48	106	0.0000	2
2	220,306,628	94.7571	45	12,189,508	5.2429	5
3	232,493,428	99.9988	45	2,708	0.0012	5
4	232,493,528	99.9999	46	2,608	0.0001	4
5	232,496,030	99.9999	48	106	0.0001	2
6	220,303,628	94.7558	46	12,192,508	5.2442	6
7	13,472,710	99.9992	36	108	0.0008	3
8 - Tier 1	214,475,121	100.0000	5	0	0.0000	0
8 - Tier 2	5,828,407	32.3423	38	12,192,608	67.6577	7
9 - Tier 1	214,475,121	100.0000	5	0	0.0000	0
9 - Tier 2	5,828,121	32.3423	38	12,192,606	67.6577	6

Based on the poll results, the Chairman declared that, save for Ordinary Resolutions 8 and 9, all other Ordinary Resolutions as tabled at the 17th AGM were carried.

CONCLUSION OF MEETING

The Chairman concluded the meeting and thanked all those who participated in the Company's 17th AGM.

There being no other matter to discuss, the fully virtual 17th AGM of the Company concluded at 12.30 pm with a vote of thanks to the Chairman.

Confirmed as a correct record: -

(Signed)

KHAW KHOON TEE
Executive Chairman