TOMYPAK HOLDINGS BERHAD
(Company No. 337743 W)
(Incorporated in Malaysia)

MINUTES OF THE TWENTY THIRD ANNUAL GENERAL MEETING OF THE COMPANY HELD AT MELATI HALL, PALM RESORT GOLF & COUNTRY CLUB, JALAN PERSIARAN GOLF, OFF JALAN JUMBO, 81250 SENAI, JOHOR ON FRIDAY, 1ST JUNE 2018 AT 10.00 A.M.

PRESENT	:	As per attendance sheet
IN ATTENDANCE	:	Ms Ang Mui Kiow (Company Secretary)
CHAIRMAN	:	The Chairman, Tan Sri Dato' Seri Arshad Bin Ayub welcomed all those present at the Twenty Third Annual General Meeting. The Chairman then proceed to declare the meeting open and called upon the Secretary, Ms Ang Mui Kiow to present the proxies and confirm the quorum.
PROXIES AND QUORUM	:	The Secretary reported that the Company has received 24 proxies totalling 201,991,652 shares representing approximately 48.12% of the Company's total number of issued shares. She further confirmed that in accordance with the provisions of Regulation 61 of the Company's Constitution, the Company has a quorum for the meeting. Having noted the presence of a quorum, the Chairman then called the meeting to order.
NOTICE OF MEETING	:	On the proposal of the Chairman and there being no objections from the floor, the Notice convening the meeting which had been circulated with the Annual Report was taken as read.

ENQUIRIES FROM THE MINORITY SHAREHOLDERS WATCHDOG GROUP

The Chairman informed the shareholders present at the meeting that the Company had on 23 May 2018 received a letter dated 23 May 2018 from the Minority Shareholders Watchdog Group ("MSWG") seeking further clarification on matters relating to strategic, financial and corporate governance.

Mr Tan See Yin was invited to address the matters raised by MSWG and the clarifications given were as per the appendix enclosed herewith.

POLL VOTE

The Chairman informed the shareholders that all resolutions to be considered at the Meeting will be by way of poll and the poll voting slip had been given to the shareholders upon registration. The Chairman highlighted that pursuant to good corporate governance, a two-tier voting will be conducted for Resolution 8 in relation to the retention of Independent Director, namely Tan Sri Dato' Seri Arshad Bin Ayub who has served more than 12 years. The shareholders may cast their votes after all the resolutions have been tabled for consideration.

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The Poll Administrator will brief the shareholders on the polling procedures before the casting of vote. The results of the polling will be announced at the end of this meeting upon the verification by the independent scrutineer, Mr. Chandra Sekran from Abdullah & Zainuddin.

ORDINARY BUSINESS:

1. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The Chairman explained that the Audited Financial Statements for the year ended 31 December 2017 which have been approved by the Board and circulated to shareholders were tabled before the meeting for discussion only.

The Chairman also informed that in accordance with the provision of Section 340(1)(a) of the Companies Act 2016, the Audited Financial Statements for the year ended 31 December 2017 do not require a formal approval of the shareholders and hence is not put forward for voting. However, the Board would be pleased to deal with any question from the shareholders pertaining to the audited financial statements.

The questions from shareholders and responses from directors were noted as follows:

(a) Question 1:
It was noted from the Company's five years' financial highlights disclosed on page 50 of the Annual Report that the profit margin has dropped from 15% in year 2015 to 5% in 2017. With the tight fluctuation in revenue over the years, can Tomypak return to its top performance in 2015 and what are the measures/factors that the Company will consider in realising this?

Answer:
The Executive Director of Tomypak, Mr Tan See Yin clarified that the drop in profit margin was due to increase in costs in 2017 arising from:

i. Variation in the level of production capacity, sales prices and fluctuation in export sales in US dollars.

ii. Increase in cost of raw material.

iii. Write off of slowing moving stocks.

iv. Making various provisions or write off of finish goods in line with the requirements of accounting standards.

In order to avoid future write off of finish goods produced in excess of quantity ordered by customers (as buffer for damage/defect during the production process) under the new accounting standard, Management will tighten the internal processes and discuss new strategy with customers to reach consensus on quantity ordered, produced and delivered to minimise the impact of future write off arising from the requirements of accounting standards.

v. Substantial costs recognised in 2017 as a result of the adoption of new accounting practices which now require that cylinder costs, which form a substantial portion of the production costs and which are unique to the operations of gravure printing technologies, are to be written off instead of depreciated. The costs of cylinder written off in 2017 was approximately RM2 million.

vi. Increase in overall factory overheads as a result of the start-up of the new plant in Senai in the second quarter of 2017. There were also substantial start-up costs including usage of raw materials, utilities and additional labour costs, to conduct trial production runs, incurred in the commissioning of the new plant and equipment acquired, installed and commissioned during the year. Such costs do not translate into sales in 2017.

vii. Additional transportation, security, maintenance and other operating costs arising from the operation of two plants.

2017 was an abnormal year with lots of additional costs incurred without corresponding revenue. With the installation of another printing line and the film casting line, and commencement of low commercial operations in second half of 2018, the Company's operations should stabilize by end of 2018. The Company also expects its operations in 2019 to be smooth and expects its performance will continue to improve.

(b) Question 2:

It was noted from the Company's first quarter results that the quantity shipped in the first quarter of 2018 has dropped to 2,700 metric tonnes from 3,200 metric tonnes in the corresponding period in 2017. Is the drop in quantity shipped due to competition from other industry players?

Answer:

Mr Tan See Yin explained that the drop in quantity shipped was mainly due to a reduction in sales to a major overseas customer since the third quarter of 2017 and also the tendency of a March financial year end customer holding back its purchases to reduce its inventory level by year end closing in March.

The Company is continuously reviewing and implementing new sales and marketing strategies to improve sales including sourcing for more customers to widen its customers base as well as to work with existing customers to increase our product offerings to such customers. Other strategies adopted to improve overall efficiencies so as to reduce overall production costs include review labour cost structure and training, replacing foreign labour with local qualified employees who understand the industry and technology better and use of fully automated machine to improve its margin and operational efficiency and also to enhance its competitiveness in the market.

(c) **Question 3:**
Who are the major and new competitors in Malaysia?
Who are the target employees that the Company plan to train?

Answer:
Mr Tan See Yin explained that generally there are three levels similar companies operating in Malaysia. Tomypak and Daibochi are considered as the first tier that has the necessary certification to service multinational customers who demands that such certification are secured by their suppliers. The second tier companies are mainly based in Johor, Malacca and Ipoh and they also service some of the major companies as well as the next level of customers. The third tier consist of many small companies servicing the smaller users of such packaging materials.

Tomypak co-exists with all its competitors in a friendly manner. Tomypak may be small compared to major packaging companies world-wide but Tomypak its niche market and customers and more importantly has the credentials, and is recognised as a quality supplier and has proven its ability to service and deliver to multinational customers, which are the key factors to its success.

Tomypak will invest in training its young local workers, changing their mindset and work culture and provide continuing career progression.

The Audited Financial Statements for the year ended 31 December 2017 together with the Reports of the Directors and Auditors were duly received by the shareholders.

2. DIRECTORS' FEES OF RM405,000.00 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Chairman invited a proposer and a seconder for Resolution 1 in respect of the approval of Directors' fees of RM405,000.00 for the financial year ended 31 December 2017.

Resolution 1 was proposed and seconded by shareholders.

3. DIRECTORS' BENEFITS UP TO AN AMOUNT OF RM120,000.00 FOR THE PERIOD FROM 2 JUNE 2018 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY

The Chairman invited a proposer and a seconder for Resolution 2 in respect of the approval of Directors' benefits to the Directors of the Company and its subsidiaries up to an amount of RM120,000.00 for the period from 2 June 2018 until the date of the next Annual General Meeting of the Company.

Resolution 2 was proposed and seconded by shareholders.

4. RE-ELECTION OF RETIRING DIRECTORS

The Chairman informed the shareholders that the retiring directors were Mr Tan See Yin and To' Puan Rozana Binti Tan Sri Redzuan and the resolutions for their re-election would be voted on individually.

(a) The Chairman invited a proposer and a seconder for Resolution 3 that Mr Tan See Yin retiring pursuant to the Company's Constitution be re-elected as a director of the Company.

Resolution 3 was proposed and seconded by shareholders.

(b) The Chairman invited a proposer and a seconder for Resolution 4 that To' Puan Rozana Binti Tan Sri Redzuan retiring pursuant to the Company's Constitution be re-elected as a Director of the Company.

Resolution 4 was proposed and seconded by shareholders.

5. RE-APPOINTMENT OF RETIRING AUDITORS

The Chairman informed that the retiring auditors, Messrs KPMG PLT have expressed their willingness to accept re-appointment.

The Chairman invited a proposer and a seconder for Resolution 5 that the retiring auditors, Messrs KPMG PLT be re-appointed as auditors of the Company for the financial year ending 31 December 2018 and that the Directors be authorised to determine their remuneration.

Resolution 5 was proposed and seconded by shareholders.

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SPECIAL BUSINESS:

6. EMPOWER DIRECTORS TO ISSUE SHARES PURSUANT TO SECTION 75 AND SECTION 76 OF THE COMPANIES ACT, 2016

The Chairman invited a proposer and a seconder for Resolution 6 empowering the Directors of the Company to issue shares pursuant to Section 75 and Section 76 of the Companies Act, 2016.

Resolution 6 was proposed and seconded by shareholders.

7. RENEWAL OF SHAREHOLDERS' APPROVAL FOR SHARE BUY-BACK

The Chairman invited a proposer and a seconder for Resolution 7 on the Company's proposed renewal of shareholders' approval for share buy-back.

Resolution 7 was proposed and seconded by shareholders.

8. RETENTION OF INDEPENDENT DIRECTOR, TAN SRI DATO' SERI ARSHAD BIN AYUB

The Chairman invited Mr Yong Kwet On to assist him in chairing the resolution pertaining to his retention as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance.

Mr Yong Kwet On invited a proposer and a seconder for Resolution 8 that Tan Sri Dato' Seri Arshad Bin Ayub be retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance.

Resolution 8 was proposed and seconded by shareholders.

Mr Yong Kwet On then passed the chair to Tan Sri Chairman for the subsequent conduct of the Meeting.

9. RETENTION OF INDEPENDENT DIRECTOR, CHIN CHEONG KEE @ CHIN SONG KEE

The Chairman invited a proposer and a seconder for Resolution 9 that Mr Chin Cheong Kee @ Chin Song Kee be retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance.

Resolution 9 was proposed and seconded by shareholders.

10. VOTING BY POLL

As Resolution 1 to 9 have been proposed and seconded by shareholders, the Chairman invited the Poll Administrator to brief the shareholders on the polling procedures before they cast their votes for all the resolutions tabled at the Annual General Meeting ("AGM").

Shareholders took a short break for light refreshment while waiting for the Poll Administrator and the Independent Scrutineer to compile and validate the results of the poll.

Shareholders returned to the meeting room for the announcement of polling results.

The Chairman announced that all the 9 resolutions set out in the notice of the 23rd AGM were duly passed with 100% voted in favour for all resolutions.

11. TERMINATION

In response to the Chairman's enquiry, the Secretary informed the Meeting that no notice of any other business for transacting at the meeting has been received. There being no other matter, the Chairman thanked the shareholders for their attendance and declared the meeting closed at 11.30 a.m.

CONFIRMED AND SIGNED AS A CORRECT RECORD

Tan Sri Dato' Seri Arshad Bin Ayub
Chairman

TOMYPAK HOLDINGS BERHAD (Company No. 337743-W)

POINTS RAISED BY MINORITY SHAREHOLDERS WATCHDOG GROUP

STRATEGIC & FINANCIAL MATTERS

1) **The export sales had declined for the past 2 consecutive years from RM117.1 million in FYE 2016 to RM100.76 million in FYE 2017.**

   (i) **As highlighted on page 18 of the Annual Report 2017 ("AR2017), the decline in sales was a result of a reduction in sales to an international customer whose margin were higher than the average margins achieved by the Tomypak Group as a whole.**

   In view of the above, what measures have been taken by the management to increase the sale to the said international customer and to boost the Group's export sales?

   There are 2 prong strategies undertaken by management to increase sales generally.

   The first is to engage with all existing customers, including international customers with newer and better product offerings. In this respect, it also includes Tomypak having more intensive engagement with these customers. Such strategies have borne successes with both existing local and international customers. We foresee that the commissioning of the CPP plant which will allow Tomypak to enhance our product development capabilities especially in terms of newer and more durable films at competitive cost and we will be able to achieve better success with our existing customers.

   The second strategy is to expand our customer base, both local and international via more market research, sourcing and engaging new potential customers via existing market contacts and direct contact, new business partners, participation in international renown food and packaging fairs/exhibitions and sourcing and appointing more international marketing agents.

(ii) **There are concerns that the increasing capacity in flexible packaging in 2018 could exceed demand substantially. Please share your views whether this will negatively impact the performance of the Group, especially the export sales?**

As projected by many internationally well-known research organisations, the demand for flexible packaging particularly for the food and beverage products, for which Tomypak has the necessary qualifications, certifications as well as confidence of its existing customers, is expected to grow significantly over the next few years as a result of changing life styles, better purchasing power as well as the advent of more sophisticated packaging technologies.

(iii) **When is the Group expected to resume its growth in export sales?**

Tomypak Group is expected to increase its international sales in 2019 when all the new equipment are installed and commercially operational. Tomypak foresee that the absolute quantum/value of international sales may increase but the percentage of local sales vs international sales may remain at current level.

2) **On page 17 of AR2017, it states that a major review of the realignment of the plant and equipment in both plants at Tampoi and Senai will be undertaken in early 2019, and the realignment is planned to be completed by the end of FY 2019.**

(i) **When was the realignment of the plant in Tampoi, which was started in the second-half of 2017, completed and what was the cost incurred for the realignment exercise in Tampoi during 2017?**

The first phase of the realignment of the two plants commenced when the new printing line (PL 8) was successfully commissioned and commenced commercial operation in Q2 of 2017, and the new extrusion laminating line (EL 6) was successfully completed in Q3 of 2017. This entails the relocation of the 4 units of slitters, 1 unit of Solvent Free Lamination machine, 3 units of Rewinders as well as the relocation of the primary raw materials and finished goods warehouse from the Tampoi plant to the Senai plant. The cost for this phase of realignment was minimal at approximately RM500,000 as it involves mainly transportation and installation costs of the slitters and other machines transferred from Tampoi, as well as transportation costs of all raw materials and finished goods ready for packing and shipment to customers, from Tampoi warehouse to the new Senai warehouse.

(ii) **Page 20 of the Annual Report 2016 states that "A major realignment of the plant and equipment will be undertaken and completed by the end of FY 2017. This will improve the overall productivity of both plants, particularly the existing Tampoi plant as it is currently operating within a very tight and congested environment."**

In view of the above, why is there a need for another realignment for the plant and equipment in Tampoi plant in year 2019, as it has already carried out a realignment exercise which was to be completed by end of FY2017?

The second phase of the realignment will entail the movement of 4 existing printing lines, 6 laminating lines and 7 units of slitting machine from the Tampoi plant to the new Senai plant. This major movement, which will be carried out progressively, will only be carried out once all the new printing lines (1 already installed and commercially operational and 2 more printing lines have been purchased and are been delivered and installed in stages), the new dry laminating line and the new film casting plant and its ancillary equipment are installed and fully operational.

In addition, the new Senai plant is pending its FSSC 22000 certification which was completed in April 2018, and thereafter audit by some of the customers whose internal procurement policies requires that new plants are to be audited to assure compliance with their internal standards and requirements.

(iii) **As indicated above, the realignment for both plants will last for a year in 2019. Please explain the reasons for the realignment to take up to a year and whether the realignment may result in interruption of operation.**

The realignment does not only entail the physical movement of the equipment from Tampoi. It also entails the assessment of these equipment by the original equipment supplier to determine whether any major repairs/overhaul needs to be carried out on these equipment as some of these equipment have been in use for a number of years and may require overhaul and/or major maintenance and upgrading.

In planning the realignment, a comprehensive action plan has been developed for this purpose, including contingency plans to ensure that there will be no major interruption of all on-going operations. This is one of the main reason that the second phase will only be undertaken when at least 2 of the 3 new printing lines are installed and have commenced commercial operation.

3) We refer to page 18 of AR2017, the lower gross profit margin of the Group was due to an increase in cost of goods sold and several other factors.

(i) How will the Group address the higher cost of raw materials to maintain its profit margin?

Some of the steps taken to address the higher raw materials costs include:

a) Bulk purchase at lower prices with staggered delivery schedule;
b) Close monitoring of market price movements;
c) Continuing negotiation with materials suppliers for better terms;
d) Sourcing for alternative source of supply with better terms; and
e) Purchase raw materials in different form, for example purchasing critical expensive resins in bulk form rather than bag form as it is cheaper, easier to store and maintains the inherent quality of the material.

(ii) What is the Group's cost transfer policy and how long does it usually take to pass on the incremental cost to its customers?

Where feasible, Tomypak will renegotiate selling prices with customers when raw materials prices have increased substantially. The time taken to adjust prices will vary from customer to customer.

4) **As reported on page 21 of the Annual Report, all the final major production lines will be ready for commercial operations by end FY2018, What is the expected capital expenditure to be incurred for the said major production lines in 2018?**

Total expected capital expenditure including installation costs for FY 2018 including the 2 new printing lines, the film casting line, the dry tandem laminating lines, bag making machines and all ancillary supporting equipment, civil and electrical works will be approximately RM55.0 million.

5) **The announcement by the Company dated 30 April 2018 refers to a positive variance of more than 10% between the Tomypak Group's audited results for the financial year ended 31 December 2017 and unaudited results for the same period which was announced on 27 February 2018, in respect of the net profits after tax of the Tomypak Group of RM13.6 million in the audited financial statements ("AFS") as compared to RM9.5 million as announced in the unaudited results.**

(i) **Please explain the reasons for such a substantial variance of 43.2% between the unaudited results and audited results, as additional tax benefits arising from an increase in reinvestment tax allowances at one of its subsidiary should be a known fact and be easily anticipated along with the Group's investment activities.**

The variance in Profits After Tax ("PAT") between the unaudited results announced on 27 February 2018 and the audited financial statements ("AFS") announced is due to additional tax benefits arising from an increase in reinvestment allowances. There was no impact or variances on the operation profitability.

At the time of announcing the unaudited results in February 2018, the review of the capital expenditure, especially in relation to the apportionment of total construction costs (civil, mechanical and electrical costs) to the various industrial buildings within the Senai plant that qualify for reinvestment allowances was yet to be completed by the appointed tax consultants. As such, the Group took the decision to be prudent and provided a lower quantum of capital expenditure for purposes of calculating the quantum of reinvestment allowance that can be claimed in FY 2017. In addition, the final agreement with the civil, mechanical and electrical contractors as to the final construction costs of the industrial buildings (including the Variation Order) were only agreed after end February 2018. Thereafter these agreed costs were reallocated to the various buildings within the Senai plant to recompute the reinvestment tax allowances that the Group can claim for FY 2017.

(ii) **Has Bursa Malaysia called up the Company to explain the variance and is there a risk of regulatory sanction by Bursa Malaysia?**

No, at this moment there has been no communication from Bursa Malaysia on the above matter.

(iii) **What measures have been taken by the board to prevent the recurrence of reporting deviation between unaudited results and the audited results of above 10% which may have material influence on the market price of the Company's shares?**

The Board has instructed the Management to ensure that the review of the allowable capital expenditure for reinvestment tax allowances by the appointed tax consultants for financial year 2018 ("FY 2018") be completed prior to the announcement of FY 2018 results in February 2019, so that all allowable capital expenditure incurred and the corresponding reinvestment allowances for FY 2018 are accurately accounted for by the Group.

CORPORATE GOVERNANCE

1) **There was no publication of the "Key Matters Discussed" at the Company's 22nd Annual General Meeting held on 18 May 2017 on the Company's website as required under Chapter 9, Paragraph 9.21(2) of the Main Market Listing Requirements of Bursa Malaysia ("MMLR").**

Please explain.

Noted the comment by MSWG and the summary of key matters discussed has been uploaded to the Company's website.

Going forward, the Company will publish the summary of the key matters discussed at Annual General Meeting (**"AGM"**), as soon as practicable after the conclusion of the AGM as per Chapter 9, Paragraph 9.21(2) of the Main Market Listing Requirements of Bursa Malaysia.

2) Practice 4.2 of the Malaysia Code of Corporate Governance 2017 ("MCCG")

Practice 4.2 of MCCG requires that the tenure of an independent director does not exceed a cumulative term limit of nine years and if the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

The Company in its Corporate Governance Report on page 12 stated that it has applied Practice 4.2.

In view of the above, will the Board implement two tier voting for Resolution 8 on the retention of Tan Sri Dato' Seri Arshad, who has served as an independent director for more than 12 years, at the AGM of the Company?

As recommended by Practice 4.2 of the Malaysian Code of Corporate Governance 2017, the Board will implement the two tier voting for Resolution 8 on the retention of Tan Sri Dato' Seri Arshad who has served as an independent director for more than 12 years at the forthcoming 23rd Annual General Meeting of the Company to be held on 1 June 2018.

TOMYPAK HOLDINGS BERHAD ("TOMYPAK" OR "THE COMPANY")

KEY MATTERS DISCUSSED AT 23RD ANNUAL GENERAL MEETING HELD ON 1ST JUNE 2018 ("AGM")

A. ISSUES RAISED BY THE MINORITY SHAREHOLDERS WATCHDOG GROUP ("MSWG") VIA MSWG'S LETTER DATED 23RD MAY 2018

Tomypak provided clarification on the issues raised by MSWG to the shareholders present at the AGM as per Appendix A enclosed.

B. QUESTIONS RAISED BY SHAREHOLDERS PRESENT AT THE AGM

Q1. It was noted from the Company's five years' financial highlights disclosed on page 50 of the Annual Report that the profit margin has dropped from 15% in year 2015 to 5% in 2017. With the tight fluctuation in revenue over the years, can Tomypak return to its top performance in 2015 and what are the measures/factors that the Company will consider in realising this?

The Executive Director of Tomypak, Mr Tan See Yin clarified that the drop in profit margin was due to increase in costs in 2017 arising from:

i. Variation in the level of production capacity, sales prices and fluctuation in export sales in US dollars.

ii. Increase in cost of raw material.

iii. Write off of slowing moving stocks.

iv. Making various provisions or write off of finish goods in line with the requirements of accounting standards.

   In order to avoid future write off of finish goods produced in excess of quantity ordered by customers (as buffer for damage/defect during the production process) under the new accounting standard, Management will tighten the internal processes and discuss new strategy with customers to reach consensus on quantity ordered, produced and delivered to minimise the impact of future write off arising from the requirements of accounting standards.

v. Substantial costs recognised in 2017 as a result of the adoption of new accounting practices which now require that cylinder costs, which form a substantial portion of the production costs and which are unique to the operations of gravure printing technologies, are to be written off instead of depreciated. The costs of cylinder written off in 2017 was approximately RM2 million.

vi. Increase in overall factory overheads as a result of the start-up of the new plant in Senai in the second quarter of 2017. There were also substantial start-up costs including usage of raw materials, utilities and additional labour costs, to conduct trial production runs, incurred in the commissioning of the new plant and equipment acquired, installed and commissioned during the year. Such costs do not translate into sales in 2017.

vii. Additional transportation, security, maintenance and other operating costs arising from the operation of two plants.

B. QUESTIONS RAISED BY SHAREHOLDERS PRESENT AT THE AGM – cont.

2017 was an abnormal year with lots of additional costs incurred without corresponding revenue. With the installation of another printing line and the film casting line, and commencement of low commercial operations in second half of 2018, the Company's operations should stabilize by end of 2018. The Company also expects its operations in 2019 to be smooth and expects its performance will continue to improve.

Q2. It was noted from the Company's first quarter results that the quantity shipped in the first quarter of 2018 has dropped to 2,700 metric tonnes from 3,200 metric tonnes in the corresponding period in 2017. Is the drop in quantity shipped due to competition from other industry players?

Mr Tan See Yin explained that the drop in quantity shipped was mainly due to a reduction in sales to a major overseas customer since the third quarter of 2017 and also the tendency of a March financial year end customer holding back its purchases to reduce its inventory level by year end closing in March.

The Company is continuously reviewing and implementing new sales and marketing strategies to improve sales including sourcing for more customers to widen its customers base as well as to work with existing customers to increase our product offerings to such customers. Other strategies adopted to improve overall efficiencies so as to reduce overall production costs include review labour cost structure and training, replacing foreign labour with local qualified employees who understand the industry and technology better and use of fully automated machine to improve its margin and operational efficiency and also to enhance its competitiveness in the market.

Q3. Who are the major and new competitors in Malaysia?
Who are the target employees that the Company plan to train?

Mr Tan See Yin explained that generally there are three levels similar companies operating in Malaysia. Tomypak and Daibochi are considered as the first tier that has the necessary certification to service multinational customers who demands that such certification are secured by their suppliers. The second tier companies are mainly based in Johor, Malacca and Ipoh and they also service some of the major companies as well as the next level of customers. The third tier consist of many small companies servicing the smaller users of such packaging materials.

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