

TOMYPAK HOLDINGS BERHAD
Registration Number: 199501008545 (337743-W)
(Incorporated in Malaysia)

MINUTES OF THE EXTRAORDINARY GENERAL MEETING (“**EGM**”) OF TOMYPAK HOLDINGS BERHAD DULY CONVENED AND HELD ON A VIRTUAL BASIS THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT LEVEL 12, MENARA SYMPHONY, NO. 5, JALAN PROF. KHOO KAY KIM, SEKSYEN 13, 46200 PETALING JAYA, SELANGOR DARUL EHSAN, MALAYSIA ON WEDNESDAY, 11 OCTOBER 2023 AT 2.00 P.M.

PRESENT

Board of Directors

Mr Yong Kwet On	Non-Independent Non-Executive (Chairman of the Board)
To’ Puan Rozana Binti Tan Sri Redzuan	Independent Non-Executive
Encik Azmi Bin Arshad	Independent Non-Executive
Mr Lim Bee Leong	Independent Non-Executive
Mr Lee Kwee Heng	Executive Director (Managing Director)

Secretary

Ms. Santhi A/P Saminathan

Invitees

Ms Lin Shueh Fen	Representative from Messrs Maybank Investment Bank Berhad, the Principal Adviser to the Proposals
Ms Cynthia Toh	Representative from Messrs Wong Beh & Toh, the Solicitors for the Proposals
Ms Chan Yen Ing	Representative from Messrs KPMG PLT, the reporting accountant and the Company’s External Auditors

Others

As per Attendance list in **Appendix I**.

CHAIRMAN OF THE MEETING

Mr Yong Kwet On (“The Chairman”)

QUORUM

The Chairman announced that there being a quorum as informed by the Company Secretary in accordance with Clause 81 of the Company’s Constitution, the Extraordinary General Meeting (“EGM” or “the Meeting”) was duly convened and the Chairman called the meeting to order.

NOTICE OF MEETING

The notice convening the Meeting which had been duly published within the stipulated time was taken as read.

PRELIMINARY

- a. The Chairman welcomed all Shareholders to the Company’s EGM and informed the Shareholders that the Company’s EGM would be conducted fully virtual via Remote Participation and Voting (“RPV”) facilities without physical attendance by shareholders.
- b. The Chairman informed the Shareholders that the Notice of the Meeting and the Circular to Shareholders in relation to the Proposals were announced to Bursa Malaysia Securities Berhad on 25 September 2023 and 26 September 2023 respectively and was advertised in the New Straits Times on 26 September 2023.

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- c. The Chairman reported that the Company received in total 52 proxy forms from shareholders for a total of 296,472,938 shares representing 68.77% of the issued ordinary shares of the Company. Out of those, there are 46 shareholders who have appointed the Chairperson of the Meeting as proxy to vote on his/her behalf and the shares so represented are 234,664,988 shares representing 54.43% of the issued ordinary shares of the Company.
- d. The Chairman highlighted that attendance of the Meeting was restricted to shareholders, proxies, and authorised representatives of corporate shareholders (collectively referred to as “Shareholders”) who had registered to join the meeting remotely. As discussion that transpired in the Meeting was deemed confidential and only for the knowledge of such relevant parties, any visual or audio recording of the Meeting was strictly prohibited.
- e. The Shareholders were informed that in compliance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the proposed resolution as set out in the Notice of the EGM would be voted by poll.
- f. The Company had appointed SKY Corporate Services Sdn Bhd as the Poll Administrator to conduct the electronic polling process and an Independent Scrutineer to verify the poll results.
- g. The Chairman encouraged the Shareholders present virtually at the Meeting to participate in the Meeting by submitting typed text questions in real time. The Board would do their utmost best to address the questions raised. Questions which were related or similar in nature would be grouped for response and questions received but not answered at the Meeting would be answered in writing and published on the Company’s website together with the Minutes of this meeting in due time.
- h. Before the Chairman proceeded with the business of the Meeting, the Chairman invited Ms Lin Shueh Fen from Messrs Maybank Investment Bank Berhad to present a brief background on the Proposals to be tabled for consideration at this meeting. A copy of the presentation is annexed for records purposes.
- i. The Chairman informed the Shareholders that the Company had received a letter of queries dated 3 October 2023 from the Minority Shareholders Watch Group (“MSWG”) and invited Encik Azmi to share the Company’s responses to the queries raised therein.
- j. Encik Azmi read out the queries raised by MSWG and the Company’s responses to those queries as per **Appendix II** attached herewith.
- k. After having responded to the above queries, the Chairman thanked Encik Azmi and informed that MSWG’s queries and the Company’s responses to those queries would be published on the Company’s website.
- l. Chairman informed the Shareholders that the sole item on today’s agenda is to consider and if thought fit to pass the Ordinary Resolution as stipulated in the notice of EGM dated 26 September 2023, with or without modifications in relation to:
 - (l) Proposed Acquisition of 70% equity interest in EB Packaging Sdn Bhd (“EB Packaging”) by Tomypak Flexible Packaging Sdn Bhd (“TFP”), a wholly owned subsidiary of Tomypak, from Siow Chew Kiong, Teo Kee Lin, Hoo Jik Heng, Teo Peng Hong (collectively, “Promoters”) and RMCP Plastics Holdings Sdn Bhd for a total cash consideration of RM73,500,000 (“Proposed Acquisition”); and

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- (II) Proposed Call and Put Options for the acquisition of the remaining 30% equity interest in EB Packaging by TFP from the Promoters for a maximum cash consideration of RM31,500,000 (“Proposed Call and Put Options”) (Collectively to be referred to as “Proposals”)

QUESTION AND ANSWER (“Q&A”) SESSION

- a) The Chairman informed the Shareholders that the Q&A session was opened.
- b) The Chairman informed the Shareholders that the Board had received pre-EGM questions and questions which are similar in nature will be grouped together for reply.
- c) The Chairman invited Encik Azmi to read the questions and the responses to the pre-submitted questions as per **Appendix III** attached.
- d) Upon completion of the pre-EGM questions, the Chairman proceeded to live Q&A.
- e) The Chairman informed the Shareholders that if any questions which may require more details in order to provide more details in order to provide a more comprehensive explanation, such questions will be answered in the EGM minutes which will be published on the website.
- f) The Chairman requested the assistance from Encik Azmi’ and the moderating team for the Q&A session.
- g) Encik Azmi then read out the questions received via the online query box from the Shareholders during the Meeting and provided the responses for the same accordingly.
- h) The complete list of questions received during the EGM together with the responses for the same are attached as **Appendix IV**.
- i) After concluding the Q&A session, the Chairman then proceeded to the polling process.

POLL VOTING

The Chairman declared the commencement of voting session and adjourned the meeting at 3.00 p.m. for remote voting for the next 10 minutes. The Chairman further informed that after the closing of the voting session, the Independent Scrutineers would take approximately 15 minutes for the validation of poll results and the Meeting would resume back.

ANNOUNCEMENT OF POLL RESULTS

The Chairman called the Meeting to order at 3.10 p.m. for the declaration of poll results which have been verified.

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Based on the poll results, the Chairman then declared that the following Ordinary Resolution as stated in the Notice of Extraordinary General Meeting dated 26 September 2023 and tabled at this EGM was carried:

ORDINARY RESOLUTION

- (I) **PROPOSED ACQUISITION OF 70% EQUITY INTEREST IN EB PACKAGING SDN BHD (“EB PACKAGING”) BY TOMYPAK FLEXIBLE PACKAGING SDN BHD (“TFP”), A WHOLLY OWNED SUBSIDIARY OF TOMYPAK, FROM SIOW CHEW KIONG, TEO KEE LIN, HOO JIK HENG, TEO PENG HONG (COLLECTIVELY, “PROMOTERS”) AND RMCP PLASTICS HOLDINGS SDN BHD FOR A TOTAL CASH CONSIDERATION OF RM73,500,000 (“PROPOSED ACQUISITION”); AND**
- (II) **PROPOSED CALL AND PUT OPTIONS FOR THE ACQUISITION OF THE REMAINING 30% EQUITY INTEREST IN EB PACKAGING BY TFP FROM THE PROMOTERS FOR A MAXIMUM CASH CONSIDERATION OF RM31,500,000 (“PROPOSED CALL AND PUT OPTIONS”)**

(COLLECTIVELY TO BE REFERRED TO AS “PROPOSALS”)

THAT, subject to the conditions precedent set out in the conditional share sale agreement dated 13 June 2023 and the supplemental agreement dated 15 September 2023 between TFP and the Promoters (“**Promoters SSA**”) and the conditional share sale agreement dated 13 June 2023 and the supplemental agreement dated 15 September 2023 between TFP and RMCP Plastics Holdings Sdn Bhd (“**RMCP SSA**”) in respect of the Proposed Acquisition being met or waived (as the case may be), approval be and is hereby given to TFP to acquire 70% equity interest in EB Packaging for a total cash consideration of RM73,500,000 in accordance with the terms of the Promoters SSA and RMCP SSA.

THAT, subject to the conditions precedent as set out in the call and put option agreement dated 13 June 2023 between TFP and the Promoters (“**Call and Put Option Agreement**”) in respect of the Proposed Call and Put Options being met, approval be and is hereby given to TFP to acquire the remaining 30% equity interest in EB Packaging for a maximum cash consideration of RM31,500,000 in accordance with the terms of the Call and Put Option Agreement.

AND THAT, the board of directors of Tomypak (“**Board**”) be and is hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company, all such agreements, arrangements and documents as may be necessary, expedient and/or appropriate in the best interest of the Company in order to implement, finalise, give full effect to and complete the Proposals (including without limitation, to delegate such authority to designated officer(s)), with full power to assent to and/or accept any conditions, modifications, variations, arrangements and/or amendments as may be imposed or permitted by any relevant authorities and/or parties in connection with the Proposals.

TERMINATION

On behalf of the Board and Management of the Company, the Chairman extended his appreciation to the Shareholders for their participation and attendance at the EGM.

There being no other business to be transacted, the Chairman declared the Meeting as concluded at 3.11 p.m.

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CONFIRMED AND SIGNED AS A CORRECT RECORD

Yong Kwet On
Chairman



TOMYPAK HOLDINGS BERHAD Co. No. 199501008545 (337743-W)

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Website : <http://www.tomypak.com.my>

10 October 2023

Minority Shareholders Watch Group

Level 23, Unit 23-2, Menara AIA Sentral

No. 30, Jalan Sultan Ismail

50250 Kuala Lumpur

Attention : Mr. Devanesan Evanson
Chief Executive Officer

Dear Sir,

Re: Extraordinary General Meeting (EGM) of Tomypak Holdings Berhad (“Tomypak” or “the Company”) to be held on Wednesday, 11 October 2023

(Unless otherwise stated, all definitions used in this letter shall have the same meaning as the words and expressions provided in the “Definitions” section of the Circular to shareholders of Tomypak dated 26 September 2023, except where the context otherwise requires or where otherwise defined herein.)

We refer to the questions from the Minority Shareholders Watch Group (“**MSWG**” which was received via email on 3 October 2023 (“**MSWG Letter**”).

We set out below our response to each of the questions set out in the MSWG Letter:

Question

Response

1. The previous MOUs were signed between Tomypak, Siow Chew Kiong, Teo Kee Lin, Hoo Jik Heng, and Teo Peng Hong (collectively the Promoters) and RMCP Plastics Holdings Sdn Bhd (RMCP) to acquire stakes in EB Packaging lapsed on 31 October 2022. With the expiry of the MOUs and the non-fulfilment of a definitive agreement with RMCP to acquire its stake in EB Packaging within the Exclusivity Period, a deposit amounted to RM1.465 million paid to RMCP was forfeited.

However, on 14 June 2023, Tomypak announced that it has entered into conditional share sale agreements with the Promoters and RMCP to acquire EB Packaging for up to RM105 million via the acquisition of 70% first and 30% later via call and put options.



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Question

a. Why did Tomypak decide to recommence negotiations with the Promoters and RMCP shortly after the lapse of MOUs, which resulted in the RM1.465 million deposit being forfeited and the RM1.8 million professional fees being incurred?

b. Since the three parties (Tomypak, the Promoters and RMCP) are now at advanced stage of discussion to acquire and dispose stake in EB Packaging, is the RM1.465 million deposit forfeited earlier refundable?

c. The transaction is expected to incur estimated expenses of RM6 million, comprised of RM2.625 million brokerage fees and RM2.616 million professional fees. To which party is the brokerage fee being paid? Please provide the name(s) of the broker(s).

Response

Tomypak recommenced negotiations with the Promoters and RMCP in March 2023, which was more than 4 months after the MOUs had lapsed on 31 October 2022, after being informed that the Promoters have substantially rectified certain non-compliances that led to Company not proceeding with the proposed acquisition.

Although RM1.465 million had been forfeited by RMCP, Tomypak had decided to resume negotiations with the Promoters and RMCP after being approached by the Promoters as Tomypak was of the view that the rationale and benefits of the Proposed Acquisition are still in line with the Company's long-term strategic goals.

The professional fees incurred by the Company up to the lapsing of the MOUs was approximately RM1.14 million.

No, the earnest deposit of RM1.465 million was forfeited by RMCP in accordance with one of the terms of the RMCP MOU which stipulates that the RMCP Earnest Deposit would not be refundable if TFP does not enter into a definitive agreement with RMCP within the exclusivity period from 11 August 2022, being the date of the MOUs, to 31 October 2022.

Tomypak had negotiated for the RM1.465 million to form part of the deposit paid under the RMCP SSA but RMCP did not agree.

In the event the Proposals are successfully completed, the brokerage fees will be paid to Dato' Chew Weng Kit, who is the brother-in-law of Mr Lee Kwee Heng, Tomypak's Managing Director, has abstained from any form of deliberation of this Proposed Acquisition and will abstain from voting at the forthcoming EGM. Mr Lee was appointed on 1st Feb 2023 as the Managing Director.



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Question

2. The acquisition of EB Packaging is expected to increase the gearing level of Tomypak substantially from 0.71 times as of 30 June 2022 to 2.86 times after the acquisition of the first 70% stake and to 2.14 times after the exercise of call and put options to acquire the remaining 30% stake in EB Packaging (page 17 of the Circular), assuming that RM66.15 million of the purchase consideration was funded via bank borrowings.

a. Considering Tomypak is rebuilding its overall manufacturing capacity after the unfortunate fire incident at its Senai plant, why is there a hurried need to acquire a new business instead of focusing the capital and resources to rebuild its manufacturing capabilities i.e., to 40,000 metric tonnes as during the pre-fire level?

Response

Following the fire incident at the Senai plant, Tomypak's immediate plan was to ramp up its manufacturing capabilities via the Tampoi plant instead since the Tampoi plant can recommence production sooner as it already has the necessary manufacturing licences in place. If it were to reinstate the operations of the Senai plant, it will take 18 months for the planning and quotations required for the rebuilding of the plant and an additional 18 months as the plant will have to be demolished and cleared before reinstatement can commence. The Tampoi plant has a maximum manufacturing capacity of approximately 30,000 metric tonnes only as the land size is smaller than the Senai plant.

When this was being pursued, Tomypak was approached by Dato' Chew Weng Kit on the potential acquisition of EB Packaging. As EB Packaging is already income generating, the Board of Directors of Tomypak was of the view that the Proposed Acquisition will provide an immediate income stream to the Tomypak Group. The Proposed Acquisition will also increase Tomypak's manufacturing capacity by approximately 32,000 metric tonnes.

After the completion of the Proposed Acquisition and the retrofitting of the Tampoi plant, the aggregate manufacturing capacity of Tomypak will increase to approximately 62,000 metric tonnes, higher than the manufacturing capabilities of Tomypak prior to the Fire Incident.



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Question

b. Tomypak decided not to proceed with the reinstatement of the Senai plant after the fire incident.

What is the estimated cost of rebuilding the Senai plant to, say, 40,000 metric tonnes as previously, compared to the acquisition of EB Packaging with a manufacturing capacity of 31,920 metric tonnes at RM105 million?

What is the outcome of the cost and benefit analysis of the two investment proposals?

c. Upon completion of the acquisition, what will be the expected financial contribution of EB Packaging to the Group?

d. What was the hurdle rate adopted and approved by the Board in evaluating the investment in EB Packaging?

e. What is the expected minimum percentage of return on investment for the acquisition of EB Packaging?

Response

The estimated cost to rebuild the Senai Plant is approximately RM272 million and is estimated to take about 2 to 2.5 years.

The Board had also considered the other factors set out in the Circular before arriving at the decision to undertake the Proposed Acquisition such as potential synergies.

Upon completion of the Proposed Acquisition, EB Packaging is expected to contribute a PAT of approximately RM7.35 million to the enlarged Tomypak Group's earnings, based on 70% of the PAT of EB Packaging for the 12-month financial period ending 31 October 2023.

The hurdle rate adopted and approved by the Board in evaluating the Proposals was 8.00%.

The expected minimum rate of return on investment for the Proposed Acquisition is approximately 10% (assuming Tomypak holds the entire equity interest of EB Packaging), based on the PAT of EB Packaging for the 12-month financial periods ending 31 October 2023, 31 October 2024 and 31 October 2025.



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Meanwhile, should you require further information or clarification, please do not hesitate to contact any of the following persons from Tomypak:

<u>Name</u>	<u>Designation</u>	<u>Tel. no.</u>	<u>Email address</u>
Lee Kwee Heng	Managing Director	+6012-2017234	kweeheng@tomypak.com.my

Yours faithfully,
For and on behalf of
Tomypak Holdings Berhad

Yong Kwet On
Chairman, Non-Independent Non-Executive Director



EXTRAORDINARY GENERAL MEETING (“EGM”)
 WEDNESDAY, 11 OCTOBER 2023 AT 2.00 P.M.
 THROUGH LIVE STREAMING AND ONLINE VOTING
 VIA REMOTE PARTICIPATION ELECTRONIC VOTING FACILITIES AT <https://meeting.boardroomlimited.my>

PRE-SUBMITTED QUESTIONS BY THE SHAREHOLDERS

QUESTIONS RECEIVED FROM THE SHAREHOLDERS

No.	Question or Comment from Shareholder	The Company’s Response/ Answer
1	<p>What are the latest results reported from EB Packaging's management accounts? I noticed that the MOU was signed in August 2022 and my question is how much profits would have been missed out had the transaction be completed by end of December 2022.</p>	<p>EB Packaging recorded audited PAT of RM8.45 million for the FYE 31 October 2022 and an unaudited PAT of RM7.94 million for the 9-month FPE 31 July 2023.</p>
2	<p>Why did the company take so long to complete the acquisition resulting the need to forfeit deposit plus the need to incur additional interest for the vendors? Can the management explain the major reasons for that? Is that because of poor execution in this transaction and which particular director is leading in this exercise.</p>	<p>The deposit was forfeited because the Company did not proceed to enter into the SSA, due to certain Non-Compliances that were discovered during the due diligence exercise that could not be resolved within the Exclusivity Period.</p>
3	<p>NO PROFIT GUARANTEE</p> <p>a) How can the Board justify the Proposed Acquisition for a substantial cash consideration without a profit guarantee?</p> <p>b) The Maximum Purchase Consideration payable to the Promoters collectively is RM62.2 million whereas each of the Promoters jointly and severally undertake to ensure that the PAT for the FPE 31 October 2023,2024or 2025 of EB Packaging shall be no less than RM10.5 million(aggregate RM31.5 million).Please confirm whether the Company will be entitled to full compensation in the event that the audited PAT is below RM10.5 million. If not, then the statements in the EGM Circular is incomplete, inaccurate and misleading as a whole.</p> <p>Rightfully, the compensation amount payable by the Promoters shall be 10 times the amount of the PAT shortfall. Can the Board please comment for the record .</p>	<p>a) The valuation of EBPSB between RM100mil - RM130mil has been independently reviewed by Ernst and Young (EY), with downside risk mitigated by the Call Option</p> <p>b) The initial 70% stake will be acquired for RM73.5mil. The remaining 30% will be acquired over the subsequent 3 years when the Call/Put Option is exercised, whereby the purchase price of each 10% stake (in each subsequent year) is based on that year's PAT subject to a maximum of RM10.5mil for any one year.</p> <p>There is no provision for the compensation to be 10 times the shortfall, nor will any profit in excess of RM10.5 million result in a higher acquisition price.</p>



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PRE-SUBMITTED QUESTIONS BY THE SHAREHOLDERS

4	<p>Please explain the sources of funding for the Transaction with breakdown of the components and utilisation of the insurance compensation payment.</p> <p>Has the Company engaged any external party to assist in obtaining bank financing and if so, the justification thereof. In my opinion, banks will be keen to offer such financial facilities directly to the Company.</p> <p>Is it that the Company is lacking a senior finance manager and/or the Managing Director is not up to the task?</p>	<p>The source of funding is partly by the insurance proceeds and partly by bank borrowings.</p> <p>The Company did not engage the services of a third party to raise the financing.</p>
5	<p>EBPSB</p> <p>Is the existing fire insurance adequate and when was the most recent inspection by Jabatan Bomba?</p>	<p>There is adequate fire insurance coverage of properties, plant and equipment and inventories.</p> <p>The most recent Bomba inspection was on 3/9/2023.</p>
6	<p>Please explain why the EGM is to be conducted on a fully virtual basis instead of a hybrid basis to give minority shareholders the opportunity to interact with the directors in line with the published corporate governance statement that "general meetings represent the principal forum for dialogue and interaction with all shareholders.</p>	<p>Virtual sessions are common and encourages wider participation at the convenience of shareholders from wherever they are and the Company will respond to questions and comments submitted through the online platform. The question of governance does not arise merely by virtue of a general meeting being held virtually. In line with Guidance G13.3 of the Malaysian Code on Corporate Governance, in facilitating greater shareholder participation, the company considered leveraging technology to facilitate electronic voting and remote shareholder participation, whereby electronic voting also stands to gain from more accurate and transparent voting results, shorter turnaround time for declaration of results, making voting more accessible even for the disabled, reduce administrative cost and paper work, and remove the need for physical ballot papers.</p>
7	<p>Maybank IB</p> <p>Did the scope of advisory services to the Company include sources of funding the acquisition of EBPSB? If not, please explain for the omission.</p>	<p>MIB's appointment was as Principal Advisor, which by definition does not include fund raising.</p>



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PRE-SUBMITTED QUESTIONS BY THE SHAREHOLDERS

8	<p>Is there any concrete indemnity against any future back duty investigation by Lembaga Hasil Dalam Negeri(LHDN) into the tax affairs of EBPSB?</p> <p>Has EBPSB been subject to any LHDN tax audit to-date?</p>	<p>There are indemnities provided in the Promoters SSA (under Schedule 5 of the SSA). Only the salient terms (refer Appendix I – IV) are disclosed in the circular but the SSA will be available for inspection at the Company Secretary’s office.</p> <p>As at to-date no tax audit conducted by LHDN.</p>
9	<p>The Company has a dismal record in a new venture and an acquisition which were both initiated by an incumbent director. Post implementation by the Board was ineffective.</p> <p>The current Proposals are similar in nature as the BIL of the MD is the initiator. What assurance can the Board offer to minority shareholders?</p>	<p>Given that EB Packaging has a good track record and reputation, although and while we have control, we have ensured that the Promoters will continue to run and manage the day-to-day business during the 3 years option periods. We are confident that EB Packaging will continue to be profitable and in the position to distribute dividend to the Group.</p>
10	<p>Flawed valuation</p> <p>Maybank IB did not apply a discount to the financial parameters of the Comparable Companies. As EBPSB is an unlisted company ,it is a generally accepted industry practice to apply a discount of at least 30% to the PER. Please explain in detail. I wish to preempt that the augment that EBPSB could be listed on its own is not acceptable.</p> <p>Moreover, if I am the owner of EBPSB,the better option is to go for a direct listing.</p>	<p>For the valuation performed by EY, the primary approach adopted is Income Approach and using DCF method, which considers 100% equity interest in EB Packaging. In the case of EB Packaging, given that the acquisition is on the majority shareholding of EB Packaging, the acquirer will have control over EB Packaging and hence, the discount for lack of control will not be applicable and controlling stake is deemed marketable.</p> <p>Discount for Lack of Marketability (DLOM) is typically applied when the comparables are deemed to have superior marketability to the subject asset. A DLOM reflects the concept that when comparing otherwise identical assets, a readily marketable asset would have a higher value than an asset with a long marketing period or restrictions on the ability to sell the asset. In the case of EB Packaging, the DLOM may be assumed to be minimal as there is already a willing buyer which makes it more marketable compared to another private company with no potential buyers.</p> <p>Should these be considered hand-in-hand, the impact of the discount and premium may neutralise one another. When performing direct market approach using comparable listed companies trading multiples, a common pricing question will be raised as the comparable listed companies shares are traded and hence, when comparing to the private company's shares, there will be discount for lack of marketability (DLOM). However, the shares traded represent minority stake and should the stake representing the controlling stake of the private</p>



EXTRAORDINARY GENERAL MEETING (“EGM”)
WEDNESDAY, 11 OCTOBER 2023 AT 2.00 P.M.
THROUGH LIVE STREAMING AND ONLINE VOTING
VIA REMOTE PARTICIPATION ELECTRONIC VOTING FACILITIES AT <https://meeting.boardroomlimited.my>

PRE-SUBMITTED QUESTIONS BY THE SHAREHOLDERS

		company, DLOM may potentially be neutralised by the control premium.
11	<p>Managing Director (MD)</p> <p>a) Please confirm whether the MD is the person reported in a recent article in The Star newspaper dated 25 August 2023 of a purported business email hacking amounting to a loss of RM6.2 million based on market rumours.</p> <p>b) An immediate public announcement should be made including the course of action taken by the Company.</p> <p>c) Please explain in detail the internal controls over payments by the Company as in my opinion, the MD is unlikely to have sole authority to effect such a large sum of money.</p> <p>d) Is there any evidence of negligence or criminality on the part of the MD and the approving authority?</p> <p>e) Has the Company lodged any police report?</p> <p>f) Could the MD be overwhelmed with the Transaction (initiated by his brother-in-law) that he lost focus on the payment process?</p> <p>g) The company has stated that the MD has voluntarily abstained from all deliberations and voting at the relevant Board meetings in relation the the Proposals as his brother-in-law initiated the Proposals. As an ordinary shareholder, does this mean that the MD sat in the said meetings but did not speak at all?</p> <p>Please state who presented and explained the Proposals to the Board as the MD is the sole executive director.</p> <p>h) Does the said brother- in-law (BIL) has any other connection, direct or indirect, with the other directors and/or substantial shareholders?</p>	<p>a) We suggest you contact The Star for confirmation as the Company did not provide any such information to any news organisation.</p> <p>b) The impairment provision was made in the 4th quarterly result announcement.</p> <p>c) While the company has internal controls in place, it is not the Company’s practice to publish the Company’s internal controls in detail</p> <p>d) While the forensic review report is being finalised, there is no evidence of any employee having committed a criminal act.</p> <p>e) Yes, a police report was lodged.</p> <p>f) The company is not in the position to speculate on the allegation.</p> <p>g) The proposal to acquire EB (for the first as well as the second time) was tabled by the previous MD. Subsequently the present MD continued the process to complete the acquisition. The present MD abstained from the decision to approve the proposal.</p> <p>h) Other Directors have no connection and the Company is not aware of any connection with substantial shareholders.</p>



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12	<p>Please explain why one deposit was forfeited upon the expiry of the initial MOU whereas the other deposit was returned.</p> <p>As the company had previously announced that it would be seeking legal advice on the said forfeiture ,please update shareholders on the latest status.</p> <p>Please explain why the Company had continued to pursue the proposed acquisition despite the said forfeiture.</p>	<p>Only the MOU with RMCP stipulated that the deposit was non-refundable and the legal opinion was that RMCP had the legal right to forfeit the deposit.</p> <p>Please refer to Page 3 section “Introduction” in the Circular dated on 26 September:</p> <ul style="list-style-type: none"> - It was also announced on 1 November 2022 that our Company will be seeking legal advice on the forfeiture of the earnest deposit. Our Company had sought preliminary legal advice but did not initiate legal action against RMCP as we decided to re-commence negotiations with the Promoters and RMCP in respect of the proposed acquisition of certain equity interest in EB Packaging. <p>Although RM1.465 million had been forfeited by RMCP, Tomypak had decided to resume negotiations with the Promoters and RMCP after being approached by the Promoters as Tomypak was of the view that the rationale and benefits of the Proposed Acquisition are still in line with the Company’s long-term strategic goals.</p>
13	<p>What is the business strategy for the above proposed acquisition? The customers of EB Packaging Sdn Bhd are relatively small companies and business is not that good</p>	<p>Please refer to Page 1 under section “Rationale and benefits of the Proposals” in the Circular dated on 26 September:</p> <ul style="list-style-type: none"> - The Proposals will allow TFP to acquire EB Packaging, a well-established player in the flexible plastic packaging industry and increase the market share of our Group in the flexible plastic packaging industry since our Group and EB Packaging have different types of customers. The Proposals would enable our Group and EB Packaging to harness each other’s strengths, brand identities and accumulated track records. The Proposals will allow our Group to potentially enhance our cost management endeavours by consolidating our combined purchasing power of the raw materials used by both EB Packaging and our Group. In addition, we will also explore areas to rationalise and share common support services for cost reduction opportunities.



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		<ul style="list-style-type: none"> - EB Packaging can also gain access to our Group’s customer base, which features several multinational F&B manufacturers. In some instances, could enhance our success rate on tender by bundling all packaging solutions of combined TFP & EB. - Since EB Packaging is already income-generating and profitable, the Proposals will enhance our Group’s earnings with the consolidation of EB Packaging’s financial results after the completion of the Proposed Acquisition.
14	What is the financial impact of the fraud payment on the group’s financial apart from the reputational adverse damage?	The unaudited profit after tax of RM9.708 million for the (3 months) fourth quarter and unaudited profit after tax of RM84.92 million for the year ended 30 June 2023 are after impairment provision on payments of RM6.2 million.
15	How will the cash consideration for the proposed acquisition of the 70% equity interest in EB Packaging Sdn Bhd and the 30% call and put option totalling RM105million be funded? The group presently does not generate enough revenue to pay for the proposed acquisition. The group cannot afford to take on more debts to pay for the acquisition	<p>The 70% is funded by a combination of bank borrowings and insurance proceeds.</p> <p>The option shares will be funded by internally generated funds and/or long-term debt.</p>
16	What is the status in relation to the fraud payment for the equipment? Is there an insurance cover for such event? The incident reveals a big gap in the management and control of payments and cash flow of the group. All the shareholders should be kept abreast on the development of this event.	<p>Notwithstanding the event, the equipment has been delivered in September and currently in the installation and commissioning stage.</p> <p>There is no insurance coverage for the event.</p>
17	What are the board’s strategies to improve the business and increase revenue for the group. The proposed acquisition is not the answer as the Group’s past and previous acquisitions are all not doing well and a big drain on the group’s cashflow.	Please refer to Page 12- Section 3 “Rationale and Benefits of the Proposals” of the Circular.
18	Should company pay more rewards to us. Tq	We take note of your suggestion.

Note that questions submitted by shareholders are reproduced verbatim in this report.

**QUESTIONS RECEIVED FROM THE SHAREHOLDERS OF TOMYPAK HOLDINGS BERHAD
ON 11 OCTOBER 2023**

No.	Question or Comment from Shareholder	The Company's Response/ Answer
1.	Have gift or tng reload for today attending?	Regrettably no gift provided at this EGM.
2.	The egm often occur in this few years, does corporate action helpful in result? Or just do but no core solutions or became better financial situations to company account?	An EGM is necessary to obtain shareholders' approval.
3.	What's mgmt's read on global petrochemical production capacity going forward? And how does that affect co.'s raw material procurement cost?	Capacity is expected to grow, which, other things remaining equal, should put downward pressure on prices of raw materials. However other significant factors affecting procurement costs include shipping, logistics and foreign exchange rate.
4.	How / What should shareholders expect from the new MD and the acquisition?	Among others, increase in the group's market share in the flexible packaging industry and enhancement to the group's earnings.
5.	Kindly provide e voucher Touch go 100.00 to shareholders who attend agm.tqvm	We will consider a gift (e.g. Touch 'n Go eWallet reload) for the forthcoming AGM.
6.	How many live attendants in this meeting?	51 live attendees
7.	Plastic usage going forward appears to be on secular downtrend, is the perception right or wrong, why?	There is effort to reduce virgin plastic through innovation, waste management, recycling, reusing etc but plastic remains as a very efficient and cost-effective raw material for flexible packaging while, from a sustainability aspect, it often has the lowest carbon footprint compared to other packaging materials.
8.	Our Co. has performed badly for so long; how will this acquisition exercise bring real progress and in what realistic time frame achievable?	Please refer to Question 4. The acquisition includes a profitable business with growth potential, as well as an additional source of revenue after the fire. Enhancement to earnings is expected to be immediate.
9.	With all due respect, why has Scientex and Thong Guan performed so much better compared to Tomypak? Would the acquisition help reverse the condition?	As a matter of business ethics, we are not in the position to comment on the performance of competitors. The acquisition is expected to boost the group's revenue and earnings.
10	Based on the acquisition valuation, is that not better to buyback TOMYPAK's shares?	There is no surplus cash to buy back the Company's shares whereas the acquisition is funded by a combination of cash and bank borrowings.
11	To acquire a business to worsen Loss per share, and increase debt level?	The interest cost is approximately RM4.7 million and EB Packaging generates a profit of approximately RM8.5 million to RM10.5 million, hence there is a positive impact. The loss per share is due to the one-time expenses. Moving forward should be beneficial to the group's earnings.
12	Does Management see the industry getting more crowded, or not?	While the industry certainly is getting more competitive, the Company will continue to develop innovative packaging solutions, enhance product quality and further strengthen the relationship we have with our major clients.

**QUESTIONS RECEIVED FROM THE SHAREHOLDERS OF TOMYPAK HOLDINGS BERHAD
ON 11 OCTOBER 2023**

13	How will the Board take responsibility of the loss of deposit which is an erosion of shareholders value? Have the Board did enough to safeguard shareholders interest?	The deposit forfeited was RMCP's portion (with the balance refunded) and subsequently the Company was able to negotiate for a lower acquisition price. Please also refer to responses to questions 2 and 12 of the Pre-Submitted Questions by the Shareholders.
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