

# **TSH RESOURCES BERHAD**

Registration No. 197901005269 (49548-D)

(Incorporated in Malaysia)

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## **MINUTES OF EXTRAORDINARY GENERAL MEETING**

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Minutes of the Extraordinary General Meeting (“EGM”) of TSH Resources Berhad (“TSH” or “the Company”) held on a fully virtual basis through live streaming and online remote voting via the online meeting platform at <https://meeting.boardroomlimited.my/> (Domain Registration No. with MYNIC-D6A357657) on Wednesday, 29 June 2022 at 10.00 am.

### **PRESENT**

Kelvin Tan Aik Pen (Chairman of the Meeting)

Tan Aik Sim

Dato’ Jasmy bin Ismail

Selina binti Yeop Junior @ Lope

Natasha binti Mohd Zulkifli

Yap Boon Teck

Tan Aik Kiong

Chew Siew Yeng

Lim Fook Hin

### **IN ATTENDANCE**

Chow Yeen Lee - Secretary

### **BY INVITATION**

Tan Boon Siong - Chief Financial Officer

Stanley Lee, representative from RHB Investment Bank Berhad

Enelli binti Abdul Kadir, representative from RHB Investment Bank Berhad

Siew Yew Ming, representative from Raja Eleena Siew Ang & Associates

Eileen Oon, representative from Raja Eleena Siew Ang & Associates

Benjamin Mu Vi Ken, representative from CH Williams Talhar & Wong (Sabah) Sdn. Bhd.

### **OBSERVER**

Ho Kok Khiaw, Messrs BDO PLT

And 87 shareholders and proxies attended and participated the Meeting via Remote Participation and Electronic Voting facilities as per attendance report.

#### **1. Quorum and Call to order**

Before the official opening of the EGM, the Chairman introduced himself to the Meeting and informed that for a fully virtual general meeting, the quorum shall be determined by the number of members who logged-in at the start of the Meeting. He also announced that the

online voting session had commenced from the start of the Meeting at 10.00 am and shareholders, proxies and corporate representatives could cast their vote now until the closure of the polling which would be announced later.

Upon confirmation by the Company Secretary that a quorum was present in accordance with Clause 75 of the Company's Constitution, the Chairman called the Meeting to order.

The Chairman welcomed all shareholders, proxies, corporate representatives and invitees to the EGM of the Company. The Chairman took the opportunity to thank everyone for joining the EGM remotely from various locations through live streaming. He then introduced the Board of Directors of TSH, Chief Financial Officer, Company Secretary and representatives from RHB Investment Bank Berhad, Raja Eleena Siew Ang & Associates and CH Williams Talhar & Wong (Sabah) Sdn. Bhd. to the Meeting.

2. **Notice of Meeting**

The Notice convening the Meeting was tabled and taken as read.

3. **Procedures of Meeting**

The Chairman reported that the Company received in total 132 proxy forms from shareholders for a total of 153,167,863 ordinary shares representing 11.098% of the issued share capital of the Company. Out of those, 126 shareholders holding 153,134,343 ordinary shares representing 11.095% of the issued share capital of the Company had appointed the Chairman of the Meeting as proxy to vote on their behalf.

The Chairman proceeded to inform that:

- a) the voting at the EGM would be conducted on a poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Clause 79 of the Company's Constitution by way of electronic voting.
- b) the Company had appointed Boardroom Share Registrars Sdn. Bhd. as Poll Administrator to conduct the poll process and GovernAce Advisory & Solutions Sdn. Bhd. as Independent Scrutineers for the Meeting.

4. **Polling and administrative matters**

Before moving to the formal business of the Meeting, the Chairman invited the Company Secretary to brief the Meeting on the polling and administrative matters.

Shareholders and proxies were informed that Questions and Answers (Q&A) session would commence after the Ordinary Resolution as set out in the notice of the EGM has been tabled to the Meeting. Shareholders and proxies were also advised to submit only questions related to today's agenda. All related and similar questions would be grouped together and responses would be provided. For the benefit of all shareholders and proxies, the Poll Administrator presented a short video on the remote polling process.

The Company Secretary concluded that the item to be transacted at the EGM will be deliberated and after the Q&A session, the polling session will be opened for another 5 minutes. After conclusion of the polling session, the online voting will close and the Meeting will be adjourned for a short period of about 10 minutes for the Independent Scrutineers to verify the poll results. The Meeting will resume upon receiving the poll voting results validated by the Independent Scrutineers.

## 5. **Ordinary Resolution**

Before proceeding to the agenda item, the Chairman informed that Choong Wei Theng and Wong Twee Jong, both TSH employees who were also shareholders of the Company had offered themselves to be the Proposer and Secunder for the resolution. Therefore, the resolution tabled at the EGM had been duly proposed and seconded.

The Chairman informed the Meeting that the agenda of today's Meeting was to seek shareholders' approval on the Proposed Disposal by PT Bulungan Citra Agro Persada ("BCAP"), a 90%-owned subsidiary of TSH, of BCAP's oil palm plantation measuring 13,214.90 hectares, together with the uncertified land adjoining the plantation measuring 683.36 hectares, all situated at Tanah Kuning Village and Mangkupadi Village, East Tanjung Palas District, Bulungan Regency, North Kalimantan, Indonesia to PT Kawasan Industri Kalimantan Indonesia and PT Kalimantan Industrial Park Indonesia for a total disposal consideration of Rp2,428.86 billion (equivalent to approximately RM731.09 million) to be satisfied entirely by cash ("Proposed Disposal").

The Meeting noted that the details of the Proposed Disposal had been set out in the Circular to Shareholders dated 7 June 2022. Nonetheless, for the benefits of all shareholders and proxy holders present at the Meeting, the Chairman invited Stanley Lee, the representative of the Company's advisers, RHB Investment Bank Berhad, to present an overview snapshot on the Proposed Disposal.

The motion was then put to the Meeting for consideration.

## 6. **Q&A session**

The Chairman opened the Q&A session and invited the shareholders and proxies to submit questions related to the Proposed Disposal in real time for the Board/management's response.

The Chairman then informed the Meeting that the Company had received questions from Minority Shareholders Watch Group ("MSWG") prior to the meeting. The question posed by MSWG and the corresponding responses of the Group, a copy of which is attached herewith marked as Appendix 1, were read out by the Chairman and flashed on the screen for the benefit of all shareholders and proxies.

Thereafter, the Chairman invited the Group Managing Director, Tan Aik Sim to address the questions received from the floor.

Tan Aik Sim reiterated that answers will only be provided for questions which were related to the Proposed Disposal.

The Meeting deliberated the questions/issues/comments raised by the shareholders and proxies and the corresponding responses/replies made by the Board/management.

Tan Aik Sim thanked the Meeting for all the questions and reiterated that if there were questions yet to be answered, management would revert to shareholders/proxies via email soonest possible.

A summary of the Q&A is annexed herewith as Appendix 2.

With that, the Chairman declared that the Q&A session closed.

#### 7. **Polling and Close of Polling**

The Chairman informed that he was appointed as a proxy by several shareholders. Therefore, he would vote according to the respective shareholders' instructions. He also informed that additional 5 minutes would be provided for casting of votes and another 10 minutes for the Independent Scrutineers to verify the results.

The Meeting was adjourned at 10.34 am.

#### 8. **Announcement of Poll Results**

At 10.49 am, the Chairman called the Meeting to order for the declaration of poll results. He informed that he had received the following poll results which had been verified by the Independent Scrutineers and the same was shown on the screen.

	Vote For		Vote Against		Total Votes
	No. of shares	%	No. of shares	%	No. of shares
Proposed Disposal	279,456,611	99.9988	3,269	0.0012	279,459,880

Based on the poll results, the Chairman declared that the Ordinary Resolution tabled at the EGM was carried.

It was resolved as follows:

#### **ORDINARY RESOLUTION**

**PROPOSED DISPOSAL BY PT BULUNGAN CITRA AGRO PERSADA ("BCAP" OR THE "SELLER"), A 90%-OWNED SUBSIDIARY OF TSH, OF BCAP'S OIL PALM PLANTATION MEASURING 13,214.90 HECTARES, TOGETHER WITH THE UNCERTIFIED LAND ADJOINING THE PLANTATION MEASURING 683.36 HECTARES, ALL SITUATED AT TANAH KUNING VILLAGE AND MANGKUPADI VILLAGE, EAST TANJUNG PALAS DISTRICT, BULUNGAN REGENCY, NORTH KALIMANTAN, INDONESIA ("SALE LAND") TO PT KAWASAN INDUSTRI KALIMANTAN INDONESIA AND PT KALIMANTAN INDUSTRIAL PARK INDONESIA FOR A TOTAL DISPOSAL CONSIDERATION OF RP2,428.86 BILLION (EQUIVALENT TO APPROXIMATELY RM731.09 MILLION) TO BE SATISFIED ENTIRELY BY CASH ("DISPOSAL**

**CONSIDERATION") ("PROPOSED DISPOSAL")**

**THAT** subject to the approvals of all relevant authorities and/or parties being obtained (where required) approval be and is hereby given to BCAP to dispose of the Sale Land at the Disposal Consideration, subject to the terms and conditions set out in the conditional sale, purchase and compensation of land agreement dated 4 April 2022 in relation to the Proposed Disposal.

**THAT** the proceeds arising from the Proposed Disposal be utilised for the purposes set out in Section 2.8 of the Circular to shareholders in relation to the Proposed Disposal dated 7 June 2022, and the Board of Directors of the Company ("**Board**") be authorised with full powers to vary the manner and/or purposes of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient in the best interest of the Company.

**AND THAT** the Board be and is hereby authorised to take all steps, to do all acts, deeds and things and to execute all such documents and enter into all such arrangements, agreements, deeds and/or undertakings with any parties as they may deem fit, necessary, expedient and/or appropriate in order to finalise, implement and/or give full effect to the Proposed Disposal, with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Board may deem fit or necessary to implement, finalise and give full effect to the Proposed Disposal.

9. **Close of Meeting**

There being no other business, the Chairman concluded the Meeting and thanked all present. The Meeting was closed at 10.50 am.

Minutes confirmed by

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Chairman

## Minority Shareholders Watch Group

### Extraordinary General Meeting (“EGM”) of TSH Resources Berhad (“TSH” or the “Company”) to be held on Wednesday, 29 June 2022

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We refer to your letter dated 21 June 2022, please find below our response to your enquiries:

In the interest of minority shareholders and all other stakeholders of the Company, we would like to raise the following questions:

1. The completion of the Proposed Disposal is subject to, inter-alia, the fulfilment of the conditions precedent and terms and conditions as set out in the conditional sale, purchase and compensation of land agreement (“CSPA”). In the event of non-fulfilment of any conditions precedent as set out in Appendix I of this Circular or other terms and conditions under the CSPA, it may result in the disposal of the relevant Sale Land being cancelled and TSH may not be able to enjoy the resultant benefits from the Proposed Disposal, in particular, the benefits that may accrue to the TSH Group from the proposed utilisation of proceeds as disclosed in Section 2.8 of this Circular. (page 15 of the Circular to shareholders dated 7 June 2022)

- a) What is the probability that the deal will not go through?

**Answer:** We are hopeful that the deal will go through. We are not aware of any matter presently that threatens to derail the deal. However, there can be no assurance that the CSPA will not be terminated as a result of any breach or default attributable to any of the Parties.

- b) Which conditions precedent are the biggest risk factors? How does TSH deal with these risk factors?

**Answer:** The fulfilment of the conditions precedent are progressing well and barring any unforeseen circumstances, we are cautiously optimistic that they can be fulfilled.

- c) Will the Group consider selling only parcels of the landbank if it fails to sell the entire landbank as stipulated in this deal?

**Answer:** The sale of the parcels of Sale Land are not inter-conditional. Hence, it is possible for a situation wherein the sale for only certain parcels are concluded but not for others.

2. The Proposed Disposal enables the Group to raise cash proceeds amounting to approximately RM731.09 million for its partial repayment of interest-bearing borrowings. In addition, it will amongst others, lower the Group’s gearing level from 0.68 times to 0.28 times and improve the ability of the Group to borrow further should new business opportunities arise. Separately, part of the proceeds from the Proposed Disposal will be

channelled towards the Group’s business operations as it will be utilised for new planting and replanting of oil palm as well as for infrastructure works and capital expenditure. The Group will be able to conserve its internally generated funds to strengthen its financial position. (page 15 of the Circular)

Will the Group consider paying a special dividend using part of the proceeds from the disposal?

**Answer:** The Group has proposed to utilise the total gross proceeds in the manner as stated in Section 2.8 of this circular.

We will continue with the Group's long term dividend payout policy of 20% - 30% of the Group's profit, after taking into consideration of the cash position and the projected levels of capital expenditure and investment of the Group.

3. Other information of the Certified Land and Converted Land are set out below: (page 13 of the Circular)

(i) Age profile and planted area :	<b>Years of planting</b>	<b>Hectarage</b>
	2007 - 2011	880
	2012 - 2015	2,939
(ii) FFB production in metric tonnes :	<b>FYE 31 December</b>	<b>FFB annual production</b>
	2019	79,572
	2020	74,244
	2021	81,235

a) What is the current average age of these palm trees?

**Answer:** The average age of these palm trees is about 9 years old.

b) What was the average FFB yield in FY2021 vs FY2020? What were the reasons for the increase in FFB production in FY2021?

**Answer:** The average FFB yield in FY 2021 and FY 2020 is 21.3 metric tons and 19.4 metric tons respectively.

The increase in FFB is attributable to more planted trees achieving prime maturity.

c) Does the Group face any labour shortage issue in Indonesia? How easy is it to hire local workers there?

**Answer:** The Group is not facing significant labour shortage issue in Indonesia presently. The hiring process is manageable.

4. Notwithstanding anything to the contrary stated in the CSPA, if any of the Certified Land cannot be converted into HGB by the Buyers as set forth in the CSPA for any reason whatsoever not occasioned by any act, default or wilful refusal on the part of the Buyers (other than the event of Force Majeure, if the same is applicable) and all reasonable alternatives has been exhausted by the Parties, then either Party shall in such an event be entitled to terminate the acquisition of the relevant Certified Land that fails to be converted to HGB by giving a written notice of termination to the other Party. (page 26 of the Circular)

What are the chances that the Certified Land not be able to convert into HGB by the Buyers?

**Answer:** We are cautiously optimistic the Certified Land will be converted into HGB as the area has been earmarked for the development of a green industrial park by the Government of Indonesia.



- Q1. How company will sustain profit during economic and political unstability nowadays? What is future or next development business operation? Can company sustain giving dividend to all shareholder for next year and what is dividend policy? I hope company will give some evoucher or e-wallet to all shareholder join this agm today.

For the purpose of this EGM, we will only respond to questions relating to today's agenda. In the future, we will continue with the development of the Group's remaining unplanted plantation lands and replanting of oil palm trees. In regards to dividend, we will continue with the Group's long term dividend payout policy of 20% - 30% of the Group's profit, after taking into consideration of the cash position and the projected levels of capital expenditure and investment of the Group. For e-voucher, we apologise that we are not able to accommodate to this request. We have announced in our EGM Administrative Guide that we are not issuing any voucher for this EGM.

- Q2. Cash from Land disposal were proposed to be utilized as follow : RM550M to settle debts, RM55m for replanting, RM57 for Infra jobs. Why spend only RM55M replanting and RM57M on Infra related to 94700 acres Kutai land, in view of the land boom in Nusantara now ?

The main utilisation from the proceeds is to repay the borrowings of the Group. The amounts allocated for new planting or replanting and for infrastructure works are only to partially fund these activities.

- Q3. With the disposal of land in Bulungan (731m) and Sabah (248m), will the Board of Directors reward shareholders via Special Dividend, Dividends, Bonus etc ?

We have addressed the question on the dividend during the MSWG Q&A. As for bonus issue, we have no plans currently.

**Similar questions**

- Q4. Hi. Can some of the proceeds be used for a special dividend to the shareholders? Thank you  
 Q5. Dear BODs, Please reward the shareholders for supporting the resolution. Thank you.  
 Q6. With the disposal will bod will declared any div coming quarters  
 Q7. Any dividend policy like 60% of earning distribute to shareholder after debts has been paid by dispose land of Bulungan  
 Q8. Vouchers pls

We have addressed the question on the e-voucher and dividend during the Q&A.

- Q9. There has been much publicity of the company's share performance on the KLSE I Investor Forum. Much of it being very negative save for a few supporting the company. Can the company clarify why its share price has dropped so much?

The share price movement is driven by the stock market sentiment and other market forces which are beyond the control of the Company. The focus of the Board and management is to manage the Company so that it performs well.

- Q10. Any fertilizer shortage issue faced in planting currently?

We are currently not facing any major fertilizer shortage issue.

- Q11. Post disposal, what would our Co's outlook be and what new business direction will it take?

The Group remains optimistic on the long term prospect of the oil palm industry. In line with this, the oil palm business will remain as the Group's core business and the Group will continue to undertake new planting and replanting of oil palm.

- Q12. With disposal why there is 55 mil allocate to infrastructure more than replanting is there because the land near the New capital hence enhance the value

The allocation to infrastructure works and capital expenditure is not due to the proximity to the New Capital. The New Capital is quite far from our existing estates. The allocation is to partially fund recurring infrastructure works and capital expenditure in relation to our estates.

- Q13. How company will utilize fund or asset form this disposal? What is the impact for company while government propose to abolish subsidy for all cooking oil ?

For the first part of your question, the fund from the disposal will be utilised for partial repayment of borrowings which will help to lower the Group's gearing level. Part of the proceeds will be utilised for new planting and replanting of oil palms as well as for estate infrastructure works and capital expenditure. Please refer to the circular Note 2.8 for further breakdown of the utilisation proceeds.

We do not foresee significant direct impact on the Company arising from the Government's proposal to abolish subsidy for bottled cooking oil.

Q14. Given recent prices of TSH share price being bad battered, when do the company intend to execute its SHARE-BUY-BACK plan since it has been previously approved?

The Company's decision to undertake any share buy back will depend on several factors including its cashflow position, cash requirements for its growth plans as well as its assessment of the intrinsic value of its shares. Accordingly, the Company will undertake share buy back when it deems appropriate after weighing the relevant factors.

Q15. From Bursa website, we noted Directors, namely Kelvin Tan, Tan Aik Yong, Lim Fook Hin has been buying huge quantity of TSH shares non stop almost daily in recent months. Is there any impending good news forthcoming ?

We are not able to comment on the share purchase by individual Directors as this is their personal prerogative. When applicable, we will make announcement of any corporate development in accordance with the Bursa Malaysia Listing Requirements.