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If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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TSH RESOURCES BERHAD
(Registration No. 197901005269 (49548-D))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED DISPOSAL BY PT BULUNGAN CITRA AGRO PERSADA ("BCAP"), A 90%-OWNED SUBSIDIARY OF TSH RESOURCES BERHAD, 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

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



RHB Investment Bank Berhad
(Registration No. 197401002639 (19663-P))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") of TSH Resources Berhad ("**TSH**" or the "**Company**") in respect of the above proposal will be conducted 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).

The notice of the EGM together with the Proxy Form, Administrative Guide and this Circular are available on the Company's website at <https://www.tsh.com.my/investor-relations/shareholders-meeting/>. Please follow the procedures provided in the Administrative Guide in order to register, attend, participate and vote remotely at the EGM.

A member of the Company entitled to attend, participate and vote at the meeting is entitled to appoint not more than 2 proxies to attend, participate and vote on his behalf. Where a member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company. If no names are inserted in the space for the name of proxy, the Chairman of the meeting will act as proxy.

If you wish to appoint a proxy to attend, participate and vote on your behalf at the EGM, you may deposit the duly completed and signed Proxy Form to the Company's share registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor no later than 48 hours before the time appointed for holding this meeting. For individual shareholder, you may lodge your Proxy Form electronically through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> by logging in and selecting "Submit eProxy Form" no later than 48 hours before the time appointed for holding this meeting.

Last date and time for registration for remote participation and voting at the fully virtual EGM of TSH and for lodging of the Proxy Form : Monday, 27 June 2022 at 10.00 a.m.

Date and time of the EGM : Wednesday, 29 June 2022 at 10.00 a.m.

This Circular is dated 7 June 2022

DEFINITIONS

Except where the context otherwise requires, the following abbreviations and definitions shall apply throughout this Circular:

"Act"	: Companies Act, 2016
"Adaro"	: PT Adaro Energy Tbk, a public company listed on the Indonesia Stock Exchange
"Badan Pertahanan Nasional" or "BPN Bulungan"	: National Land Agency (Badan Pertahanan Nasional) or land office having jurisdiction in Bulungan Regency, North Kalimantan, Indonesia
"BCAP" or the "Seller"	: PT Bulungan Citra Agro Persada, a 90% owned subsidiary of TSH
"Board"	: Board of Directors of TSH
"Bursa Securities"	: Bursa Malaysia Securities Berhad
"Buyers"	: Collectively, KIKI and KIPi
"CBRE WTW" or the "Valuer"	: C H Williams Talhar & Wong (Sabah) Sdn Bhd, the independent registered valuer appointed for the Sale Land
"Certified Land"	: Collectively, KIKI Land and KIPi Land
"Circular"	: This circular dated 7 June 2022 in relation to the Proposed Disposal
"Converted Land"	: 2 plots of land held under 2 HGBs (HGB Certificates No. 00001 and 00002), situated at Mangkupadi Village, East Tanjung Palas District, Bulungan Regency, North Kalimantan, Indonesia covering a total area of 1,491.46 hectares to be acquired by KIPi
"CSPA"	: The conditional sale, purchase and compensation of land agreement dated 4 April 2022 entered into between BCAP and the Buyers for the Proposed Disposal
"Directors"	: The directors of TSH and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act, 2007
"Disposal Consideration"	: The total disposal consideration for the Sale Land of Rp2,428.86 billion (equivalent to approximately RM731.09 million) to be satisfied entirely by cash
"EGM"	: Extraordinary General Meeting
"EPS"	: Earnings per Share
"Exclusivity Period"	: The HOA's exclusivity period for the proposed disposal of plots of lands for a period of 2 months following the date of the HOA
"FFB"	: Fresh fruit bunches
"FYE"	: Financial year ended/ending, as the case may be
"HGB"	: Hak Guna Bangunan (or Right to Build)

DEFINITIONS (CONT'D)

"HGU"	: Hak Guna Usaha (or Right to Cultivate)
"HOA"	: The heads of agreement dated 9 December 2021 entered into between BCAP and the Buyers in relation to plots of land as defined in the HOA
"KIKI"	: PT Kawasan Industri Kalimantan Indonesia
"KIKI Land"	: 2 plots of land held under 2 HGUs (HGU Certificates No. 32 and 33), situated at Tanah Kuning Village, East Tanjung Palas District, Bulungan Regency, North Kalimantan, Indonesia covering a total area of 3,829.27 hectares to be acquired by KIKI
"KIPI"	: PT Kalimantan Industrial Park Indonesia
"KIPI Land"	: 3 plots of land held under 3 HGUs (HGU Certificates No. 35, 37 and 38), situated at Mangkupadi Village, East Tanjung Palas District, Bulungan Regency, North Kalimantan, Indonesia covering a total area of 7,894.17 hectares to be acquired by KIPI
"km"	: kilometres
"Listing Requirements"	: Main Market Listing Requirements of Bursa Securities
"LPD"	: 13 May 2022, being the latest practicable date prior to the date of this Circular
"NA"	: Net assets
"NBV"	: Net book value
"Parties"	: Collectively, the Seller and the Buyers
"PN17"	: Practice Note 17 of the Listing Requirements
"Proposed Disposal"	: Proposed disposal by 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 for a total disposal consideration of Rp2,428.86 billion (equivalent to approximately RM731.09 million) to be satisfied entirely by cash
"RHB Investment Bank" or the "Principal Adviser"	: RHB Investment Bank Berhad, the Principal Adviser of the Company for the Proposed Disposal
"Sale Land"	: 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
"TSH" or the "Company"	: TSH Resources Berhad
"TSH Group" or the "Group"	: Collectively, TSH and its subsidiaries

DEFINITIONS (CONT'D)

"TSH Shares" or the "Shares"	: Ordinary shares in TSH
"Uncertified Land"	: Plots of land held under Girik/Customary Rights Land, situated at Tanah Kuning Village and Mangkupadi Village, East Tanjung Palas District, Bulungan Regency, North Kalimantan, Indonesia covering a total area of 683.36 hectares that have been previously acquired by the Seller from individual land owners but have not yet been certified and registered in BPN Bulungan to be acquired by KIKI and KIPI, respectively
"Valuation Certificate"	: The valuation certificate dated 9 December 2021 issued by the Valuer in respect of the Sale Land
"Valuation Report"	: The valuation report dated 9 December 2021 issued by the Valuer in respect of the Sale Land

Currencies

"RM" and "sen"	: Ringgit Malaysia and sen respectively
"Rp"	: Indonesian Rupiah
"USD"	: United States Dollar

References to "our Company" in this Circular are to TSH and references to "our Group" are to our Company and our subsidiaries. References to "we", "us", "our" and "ourselves" in this Circular are to our Company and where the context otherwise requires, shall include our subsidiaries. All references to "you" in this Circular are to our shareholders.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force. Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by the Company, such as in its annual reports or quarterly results, is due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Company's and/or the Group's plans and objectives will be achieved.

Unless otherwise stated, the exchange rate of Rp1.00: RM0.000301 extracted from Bank Negara Malaysia as at the LPD is used throughout this Circular.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Disposal as set out in this Circular. You are advised to read and carefully consider the contents of this Circular and the appendices contained herein in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Disposal before voting at the forthcoming EGM.

Salient information	Description	Reference to Circular
Summary of the Proposed Disposal	<ul style="list-style-type: none">On 4 April 2022, BCAP, KIKI and KIPi entered into the CSPA to dispose the Sale Land for a total disposal consideration of Rp2,428.86 billion (equivalent to approximately RM731.09 million).The Proposed Disposal entails the disposal of the Sale Land by BCAP to the Buyers for the Disposal Consideration, subject to the terms and conditions of the CSPA.	Sections 1 and 2 of this Circular
Basis and justification of arriving at the Disposal Consideration	<ul style="list-style-type: none">The Disposal Consideration for the Proposed Disposal was arrived at on a willing buyer-willing seller basis and after taking into consideration the following:<ul style="list-style-type: none">(i) the market value of the Sale Land as appraised by the Valuer vide its Valuation Report and Valuation Certificate as at the date of valuation of 8 December 2021 of Rp1,008.90 billion (equivalent to approximately RM295.65 million) on the basis that the entire Certified Land, Converted Land and Uncertified Land were held under HGU;(ii) the NBV of the Sale Land including buildings, fixtures, plants or trees of RM271.16 million based on the audited consolidated financial statements of TSH Group as at 31 December 2020; and(iii) the rationale for the Proposed Disposal as detailed in Section 4 of this Circular.	Section 2.3 of this Circular
Rationale and benefits of the Proposed Disposal	<ul style="list-style-type: none">The rationale and benefits of the Proposed Disposal are set out below:<ul style="list-style-type: none">(i) the Proposed Disposal is in line with TSH's strategy of constantly evaluating its portfolio of investments and where possible seeking opportunities to unlock and realise the value of its investments for the benefit of the shareholders of TSH;(ii) enables the Group to raise cash proceeds amounting to approximately RM731.09 million for amongst others, partial repayment of its interest-bearing borrowings, new planting and replanting of oil palm and infrastructure works and capital expenditure; and(iii) TSH Group is expected to record a proforma gain on disposal of approximately RM421.96 million pursuant to the Proposed Disposal.	Section 4 of this Circular

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
Risk factors of the Proposed Disposal	<ul style="list-style-type: none"> The Proposed Disposal is subject to the following risks: <ul style="list-style-type: none"> (i) Non-completion of the Proposed Disposal <p>The non-completion of the Proposed Disposal 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;</p> (ii) Foreign currency exchange <p>The Disposal Consideration of approximately RM731.09 million to be received by BCAP if and when converted into RM may be impacted by any adverse fluctuation of Rp against RM as the Disposal Consideration will be paid in Rp. Therefore, any future significant exchange rate fluctuations may have an adverse impact on the Disposal Consideration to be received by BCAP in RM terms; and</p> (iii) Risk of scarcity of landbank <p>The Proposed Disposal will result in a reduction of approximately 9.65% to the Group's total planted landbank after taking into consideration the Sale Land's total planted area measuring 3,818.89 hectares against the Group's total planted area as at the LPD of 39,564 hectares. Moving forward, the Group will continue to seek for opportunities to replenish and expand its plantation assets as well as to further grow its existing businesses.</p> <p>The Group may face difficulty in identifying and acquiring oil palm plantation lands or oil palm plantation companies in view of the scarcity and premium prices of plantation assets.</p> 	Section 5 of this Circular
Approvals required/obtained for the Proposed Disposal	<ul style="list-style-type: none"> The Proposed Disposal is subject to the following approvals being obtained: <ul style="list-style-type: none"> (i) the shareholders of TSH, for the Proposed Disposal at the forthcoming EGM by way of poll; and (ii) any other relevant authorities and/or parties, if required. The Proposed Disposal is not conditional upon any other proposal undertaken or to be undertaken by TSH Group. 	Section 7 of this Circular

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
Interests of Directors, major shareholders, chief executives and/or persons connected with them	<ul style="list-style-type: none">• Save as disclosed below, none of the Directors, major shareholders, chief executives of TSH Group and/or persons connected with them have any interests, whether direct or indirect, in the Proposed Disposal:<ul style="list-style-type: none">(i) Raden Harry Zulnardy who is a director of BCAP, has interests in KIKI and KIPI. He currently holds a direct equity interest of 0.01% and an indirect equity interest of 99.99% in KIKI via PT Kawasan Industri Hijau Indonesia. He also has an indirect equity interest of 90.09% in KIPI via PT Kawasan Industri Kalimantan Asri. As at the LPD, he does not hold any TSH Shares and does not sit on the Board; and(ii) Garibaldi Thohir who holds a 10% equity interest in BCAP, is the President Director of Adaro, the holding company of PT Alam Tri Bangun Indonesia which in turn holds 9.91% equity interest in KIPI. Adaro is a public company listed on the Indonesia Stock Exchange. As at the LPD, he does not hold any TSH Shares and does not sit on the Board.• The Proposed Disposal is regarded as a related party transaction and falls under Paragraph 10.08(9) of the Listing Requirements. Accordingly, the Company is exempted from appointing an independent adviser and obtaining shareholders' approval for the related party transaction. However, as the highest percentage ratio is 48.96% pursuant to Section 8 of this Circular, the Proposed Disposal is subject to the shareholders' approval of the Company pursuant to Paragraph 10.07 of the Listing Requirements.	Section 9 of this Circular
Audit Committee's statement	<ul style="list-style-type: none">• The Audit Committee of TSH, having considered all aspects of the Proposed Disposal, including the basis and justification for arriving at the Disposal Consideration, salient terms of the CSPA, rationale and benefits of the Proposed Disposal as well as the effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is:<ul style="list-style-type: none">(i) in the best interest of the Company;(ii) fair, reasonable, and on normal commercial terms; and(iii) not detrimental to the interest of the minority shareholders of the Company.	Section 10 of this Circular

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
Directors' statement and recommendation	<ul style="list-style-type: none">• The Board, having considered all aspects of the Proposed Disposal, including the basis and justification for arriving at the Disposal Consideration, salient terms of the CSPA, rationale and benefits of the Proposed Disposal as well as the effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is:<ul style="list-style-type: none">(i) in the best interest of the Company;(ii) fair, reasonable, and on normal commercial terms; and(iii) not detrimental to the interest of the minority shareholders of the Company.• Accordingly, the Board recommends that you VOTE IN FAVOUR of the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.	Section 11 of this Circular

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TSH RESOURCES BERHAD
(Registration No. 197901005269 (49548-D))
(Incorporated in Malaysia)

Registered Office

Level 10, Menara TSH
No. 8 Jalan Semantan
Damansara Heights
50490 Kuala Lumpur

7 June 2022

Board of Directors

Datuk Kelvin Tan Aik Pen (*Chairman, Non-Independent Non-Executive Director*)
Dato' Aik Sim, Tan (*Group Managing Director*)
Dato' Jasmy Bin Ismail (*Independent Non-Executive Director*)
Selina Binti Yeop Junior @ Lope (*Independent Non-Executive Director*)
Natasha Binti Mohd Zulkifli (*Independent Non-Executive Director*)
Yap Boon Teck (*Independent Non-Executive Director*)
Tan Aik Kiong (*Group Executive Director*)
Chew Siew Yeng (*Independent Non-Executive Director*)
Tan Aik Yong (*Executive Director*)
Lim Fook Hin (*Non-Independent Non-Executive Director*)

To: Our shareholders

Dear Sir/Madam,

PROPOSED DISPOSAL

1. INTRODUCTION

On 10 December 2021, the Board announced that its 90%-owned subsidiary, namely BCAP had on 9 December 2021 entered into the HOA with KIKI and KIPi in relation to the proposed disposal of the following:

- (i) 2 plots of land situated at Tanah Kuning Village, East Tanjung Palas District, Bulungan Regency, North Kalimantan, Indonesia covering a total area of 3,829.27 hectares;
- (ii) 5 plots of land situated at Mangkupadi Village, East Tanjung Palas District, Bulungan Regency, North Kalimantan, Indonesia covering a total area of 9,385.63 hectares; and
- (iii) plots of land situated at Tanah Kuning Village and Mangkupadi Village that have been previously acquired by the Seller from individuals land owners but have not yet been certified and registered in the BPN Bulungan. The Uncertified Land was acquired by the Seller from the respective villagers from 2009 to 2015 for a total of 93 parcels of land. The sizes of the parcels of the Uncertified Land range from 0.001 hectare to 120.203 hectares and the corresponding compensations range from Rp0.002 million (equivalent to approximately RM0.60) to Rp238.80 million (equivalent to approximately RM0.072 million).

The HOA stated inter-alia the following:

- (i) The Parties agree and undertake to negotiate exclusively with each other for the Proposed Disposal during the Exclusivity Period whereupon the Parties shall use their best endeavours and efforts to execute a definitive conditional sale, purchase and compensation of land agreement to be agreed and executed by the Parties within the Exclusivity Period;
- (ii) As a show of good faith, the Buyers agree to pay to the Seller, within 14 business days from the date of the HOA, the sum of Rp142.00 billion (equivalent to approximately RM42.74 million) as down payment comprising the following:
 - a) sum of Rp99.40 billion (equivalent to approximately RM29.92 million) by KIPi; and
 - b) sum of Rp42.60 billion (equivalent to approximately RM12.82 million) by KIKI;and
- (iii) The Buyers intend to undertake an industrial development on the Sale Land. In this connection, the Buyers intend to request for the Seller's cooperation to assist in the process of conversion of the HGU certificates to HGB certificates. The Seller is willing to provide the necessary reasonable assistance to the Buyers within the powers of the Seller.

Subsequently, on 7 February 2022, the Company announced that BCAP, KIKI and KIPi had mutually agreed to extend the Exclusivity Period of the HOA to 8 March 2022. On 8 March 2022, the Company announced that BCAP, KIKI and KIPi had mutually agreed to further extend the Exclusivity Period of the HOA to 8 April 2022.

On behalf of the Board, RHB Investment Bank announced that BCAP, KIKI and KIPi had on 4 April 2022 entered into the CSPA for BCAP to dispose the Sale Land to KIKI and KIPi for a total disposal consideration of Rp2,428.86 billion (equivalent to approximately RM731.09 million) to be satisfied entirely by cash.

The Sale Land comprises the following:

- (i) KIKI Land;
- (ii) KIPi Land;
- (iii) Converted Land; and
- (iv) Uncertified Land.

The status of the Converted Land as at the date of the HOA was still under HGU. Subsequently, the Converted Land's erstwhile HGU certificates were converted into HGB certificates on 11 December 2021 pursuant to a prior written request by KIPi and on the undertaking that it will be responsible for the conversion and shall bear the cost of the conversion. The said conversion from HGU into HGB was also in accordance with the HOA wherein it was expressly stated that the Buyers intend to request for the Seller's cooperation to assist in the process of conversion and Seller is willing to provide necessary reasonable assistance to the Buyers within the powers of the Seller.

It is also expressly stated in the CSPA that it is the Parties' understanding that the Certified Land and the Converted Land are intended at all time to be sold under HGU. However, the Parties acknowledge that the Certified Land will need to be converted to HGB to facilitate the ownership transfer in accordance with the provision of the relevant laws of the Republic of Indonesia. This is because the Buyers do not hold the required permits for the cultivation of land but are engaged in the business of industrial estate development. Accordingly, it is also expressly stated in the CSPA that the Parties agree that the Buyers shall be responsible for the process of the conversion of the Certified Land into HGB and shall bear all the costs related to conversion process of the Certified Land, with the necessary assistance from the Seller.

For shareholders' information, the Proposed Disposal is regarded as a related party transaction and falls under Paragraph 10.08(9) of the Listing Requirements, further details of which are set out in Section 9 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED DISPOSAL AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DISPOSAL

The Proposed Disposal entails the disposal of the Sale Land by BCAP to the Buyers for the Disposal Consideration of Rp2,428.86 billion (equivalent to approximately RM731.09 million), subject to the terms and conditions of the CSPA, details of which are set out in Appendix I of this Circular.

Subject to the fulfilment of conditions as set forth in the CSPA, the Seller agrees to bind itself to sell to the Buyers and the Buyers agree to bind themselves to purchase from the Seller the Sale Land free from any encumbrances and on clear from any third-party rights according to Agrarian Law of the Republic of Indonesia (as defined in the CSPA) along with any building, fixtures and any plants or trees stand on or attached to it.

A summary of the Disposal Consideration under the CSPA is as follows:

Buyers	Sale Land	<----Land area---->		Disposal Consideration	
		Hectares	Rp	RM	
KIKI	KIKI Land	3,829.27	669,203,225,200	201,430,171	
KIPI	KIPI Land and the Converted Land	9,385.63	1,640,232,698,800	493,710,042	
KIKI	Uncertified Land	100.67	17,593,089,200	5,295,520	
KIPI	Uncertified Land	582.69	101,830,904,400	30,651,102	
Total		13,898.26	2,428,859,917,600	731,086,835	

2.1 Mode of settlement

The Disposal Consideration shall be satisfied entirely by cash in the manner set out below:

Payment terms	Timing	Rp/RM	%
<u>KIKI Land</u>			
• Deposit	Paid upon signing of the HOA on 9 December 2021	Rp42,600,000,000/ RM12,822,600	1.75
• Balance disposal consideration	Payable within 15 business days from the date after all conditions precedent for each closing of the KIKI Land has been fulfilled or waived by KIKI	Rp626,603,225,200/ RM188,607,571	25.80
		(A)	
		Rp669,203,225,200/ RM201,430,171	27.55
<u>KIPI Land and the Converted Land</u>			
• Deposit	Paid upon signing of the HOA on 9 December 2021	Rp99,400,000,000/ RM29,919,400	4.09
• Balance disposal consideration	Payable within 15 business days from the date after all conditions precedent for each closing of the KIPI Land and/or Converted Land has been fulfilled or waived by KIPI	Rp1,540,832,698,800/ RM463,790,642	63.44
		(B)	
		Rp1,640,232,698,800/ RM493,710,042	67.53
<u>Uncertified Land</u>			
• Total compensation	Payable within 15 business days from the beginning of the month of every quarter of the relevant year after the signing of the CSPA and after all conditions precedent for each closing of the Uncertified Land has been fulfilled or waived by the relevant Buyer	Rp119,423,993,600/ RM35,946,622	4.92
		(C)	
		Rp119,423,993,600/ RM35,946,622	4.92
		Total (A+B+C)	
		Rp2,428,859,917,600/ RM731,086,835	100.00

2.2 Information on BCAP, KIKI and KIPI

(i) Information on BCAP

BCAP is a limited liability company duly established under the laws of the Republic of Indonesia on 15 February 2005. It is presently a 90%-owned subsidiary of TSH. Its principal activity is oil palm plantations.

As at the LPD, its issued share capital is Rp21.00 billion comprising 20,000 Seri A shares of Rp1.00 million each and 1,000 Seri B shares of Rp1.00 million each in BCAP. The directors and shareholders of BCAP and their shareholdings in BCAP are set out below:

Directors

Name	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of shares	%	No. of shares	%
Raden Harry Zulnardy	Indonesian	-	-	-	-
Lim Fook Hin	Malaysian	-	-	-	-
Wong Twee Jong	Malaysian	-	-	-	-
Goh Kian Yin	Malaysian	-	-	-	-
Karsidi	Indonesian	-	-	-	-

Shareholders

Shareholders	Country of Incorporation/ Nationality	<----- Direct ----->		<----- Indirect ----->	
		No. of Seri A shares	%	No. of Seri A shares	%
TSH Logistics Sdn Bhd ⁽¹⁾	Malaysia	18,000	90.00	-	-
Garibaldi Thohir	Indonesian	2,000	10.00	-	-

Shareholders	Country of Incorporation/ Nationality	<----- Direct ----->		<----- Indirect ----->	
		No. of Seri B shares	%	No. of Seri B shares	%
PT Laras Internusa ⁽²⁾	Indonesia	900	90.00	-	-
Garibaldi Thohir	Indonesian	100	10.00	-	-

Notes:

(1) TSH Logistics Sdn Bhd is a wholly-owned subsidiary of TSH.

(2) PT Laras Internusa is a 99.67% owned by PT Andalas Agro Industri, which in turn is a 70% owned subsidiary of TSH Sumbar Group Limited. TSH Sumbar Group Limited is a 99.99% owned subsidiary of TSH and 0.01% owned by Tan Soon Hong Holdings Sdn. Bhd., which in turn is a wholly-owned subsidiary of TSH.

(ii) Information on KIKI

KIKI is a limited liability company duly established under the laws of the Republic of Indonesia on 14 April 2021. Its objective and purpose are to undertake activities related to industrial estate development, port services and distribution and sale of electricity.

As at the LPD, its issued share capital is Rp10.00 billion comprising 10,000 ordinary shares of Rp1.00 million each in KIKI. The directors and shareholders of KIKI and their shareholdings in KIKI are set out below:

Director

Name	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of shares	%	No. of shares	%
Justarina S.M. Naiborhu	Indonesian	-	-	-	-

Shareholders

Name	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of shares	%	No. of shares	%
PT Kawasan Industri Hijau Indonesia	Indonesia	9,999	99.99	-	-
Raden Harry Zulnardy	Indonesian	1	0.01	9,999 ⁽¹⁾	99.99

Note:

(1) Deemed interest by virtue of his major shareholdings in PT Kawasan Industri Hijau Indonesia.

(iii) Information on KIPi

KIPi is a limited liability company duly established under the laws of the Republic of Indonesia on 25 January 2019. Its objective and purpose are to undertake activities in real estate, transport & warehousing and procurement of electricity generated from gas, steam/hot water and cold air.

As at the LPD, its issued share capital is Rp2.77 billion comprising 2,774 ordinary shares of Rp1.00 million each in KIPi. The directors and shareholders of KIPi and their shareholdings in KIPi are set out below:

Director

Name	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of shares	%	No. of shares	%
Justarina S.M. Naiborhu	Indonesian	-	-	-	-

Shareholders

Name	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of shares	%	No. of shares	%
PT Kawasan Industri Kalimantan Asri	Indonesia	2,499	90.09	-	-
PT Alam Tri Bangun Indonesia	Indonesia	275	9.91	-	-
Raden Harry Zulnardy	Indonesian	-	-	2,499 ⁽¹⁾	90.09

Note:

(1) Deemed interest by virtue of his major shareholdings in PT Kawasan Industri Kalimantan Asri.

2.3 Basis and justification of arriving at the Disposal Consideration

The Disposal Consideration for the Proposed Disposal was arrived at on a willing buyer-willing seller basis after taking into consideration the following:

- (i) the market value of the Sale Land as appraised by the Valuer vide its Valuation Report and Valuation Certificate as at the date of valuation of 8 December 2021 of Rp1,008.90 billion (equivalent to approximately RM295.65 million) on the basis that the entire Certified Land, Converted Land and Uncertified Land were held under HGU. The basis is consistent with the expressed agreement of the Parties that the Certified Land and Converted Land are intended at all time to be sold under HGU but are required to be converted to HGB only to facilitate the transfer of ownership to the Buyers in accordance with the laws of the Republic of Indonesia. Furthermore, the Buyers shall be responsible for the process of the said conversion and bear all the costs related to the conversion process;

- (ii) the NBV of the Sale Land including buildings, fixtures, plants or trees of RM271.16 million based on the audited consolidated financial statements of TSH Group as at 31 December 2020; and
- (iii) the rationale for the Proposed Disposal, further details of which are set out in Section 4 of this Circular.

The Disposal Consideration of the Sale Land of Rp2,428.86 billion (equivalent to approximately RM731.09 million) represents a premium of Rp1,419.96 billion (equivalent to approximately RM427.41 million) or 140.74% to the market value of the Sale Land of Rp1,008.90 billion (equivalent to approximately RM295.65 million) as ascribed by the Valuer.

In addition, the Disposal Consideration represents a premium of approximately RM467.77 million or 177.64% to the audited NBV of the Sale Land of RM263.32 million based on the latest audited consolidated financial statements of TSH Group as at 31 December 2021.

2.4 Salient features of the Valuation Report

The Company had appointed the Valuer to undertake an independent valuation on the Sale Land including buildings, fixtures, plants or trees on the basis stated above, and the Valuer had vide its Valuation Report and Valuation Certificate as at the date of valuation of 8 December 2021 ascribed a market value of Rp1,008.90 billion (equivalent to approximately RM295.65 million) for the Sale Land using the Investment (discounted cash flow) Method. In this approach, the annual income accruing to the Sale Land is estimated based on forecasted yields and price of FFB. The estimated cost of the production and other expenditure are then deducted therefrom to arrive at the net income, which is then capitalised at an appropriate rate of return for the remaining cropping life of the oil palm to obtain the value of the present crops. To this is added the scrub value or basic land value to which the land reverts at the end of the economic life of the cultivations, the basic land value being deferred (discounted) for the period.

The Valuer had also adopted the Comparison Method to value the Sale Land as a counter-check. The Comparison Method is the market approach of comparing the Sale Land with other transactions of other oil palm plantations in the region. In comparing other oil palm plantations, due consideration is given to factors such as location/surrounding, accessibility/road frontage, land size, tenure, topography, soil and cultivations and any other relevant characteristics to arrive at the market value.

Please refer to Appendix II of this Circular for the Valuation Certificate for the Sale Land.

2.5 Cost of investment and proforma gain on the Proposed Disposal

The original cost of investment based on the net asset value of BCAP at the point of investment in the shares of BCAP by TSH Group is set out below:

Date of Investment	Original cost of investment (based on net asset value of BCAP at the point of investment)
16 August 2011	RM181,479

The cost of the land in BCAP's accounts at the point of the initial investment in BCAP by TSH Group was RM1.98 million. Arising from subsequent compensations made to the villagers for the transfer of their land possession rights to BCAP, the cost of the Sale Land as at the LPD was RM27.76 million, including the cost of the Uncertified Land of RM0.44 million.

The cost of the Uncertified Land represents the aggregate of the compensations made to the respective villagers from 2009 to 2015 for the transfer of their land possession rights in respect of 93 parcels of land located outside the KIKI Land, KIPi Land and the Converted Land. The sizes of the parcels of the Uncertified Land range from 0.001 hectare to 120.203 hectares and the corresponding compensations range from Rp0.002 million (equivalent to approximately RM0.60) to Rp238.80 million (equivalent to approximately RM0.072 million).

Based on the latest audited consolidated financial statements of TSH Group as at 31 December 2021, the TSH Group is expected to realise an estimated one-off proforma gain of approximately RM421.96 million in relation to the Proposed Disposal as set out below:

	RM'000
Disposal Consideration	731,087
Less:	
- Audited NBV as at 31 December 2021	263,316
- Estimated plasma settlements ⁽¹⁾	25,668
- Estimated expenses relating to the Proposed Disposal	20,143
Estimated proforma gain on the Proposed Disposal	421,960

Note:

- (1) *BCAP has established a plasma scheme each with Koperasi Serba Usaha Mega Buana, at Tanah Kuning Village, and Koperasi Serba Usaha Sejahtera, at Mangkupadi Village. The plasma scheme is essentially a programme to encourage the development of surrounding community plantations, known as plasma, with the assistance and cooperation of the plantation companies, known as inti. In view of the Proposed Disposal, BCAP shall consequently enter into settlements with Koperasi Serba Usaha Mega Buana and Koperasi Serba Usaha Sejahtera to terminate the aforesaid plasma schemes. The settlements are estimated to amount to approximately RM25.67 million.*

2.6 Salient terms of the CSPA

Please refer to Appendix I of this Circular for the salient terms of the CSPA.

2.7 Liabilities to remain with TSH Group

Save for the obligations and liabilities arising from or in connection with the CSPA pursuant to the Proposed Disposal as set out in Appendix I of this Circular, there are no other liabilities, including contingent liabilities, to be assumed by TSH Group upon completion of the Proposed Disposal. There are also no guarantees given by TSH Group to the Buyers pursuant to the Proposed Disposal.

2.8 Utilisation of proceeds

The total gross proceeds of Rp2,428.86 billion (equivalent to approximately RM731.09 million) arising from the Proposed Disposal is intended to be utilised in the following manner:

Proposed utilisation	Expected timeframe for utilisation upon completion of the Proposed Disposal	Amount RM'000
(a) Partial repayment of interest-bearing borrowings	Within 24 months	550,000
(b) New planting and replanting of oil palm	Within 24 months	45,000
(c) Infrastructure works and capital expenditure	Within 24 months	47,000
(d) General working capital	Within 12 months	68,944
(e) Defray estimated expenses relating to the Proposed Disposal	Within 3 months	20,143
Total proceeds		731,087

Notes:

(a) Partial repayment of interest-bearing borrowings

TSH intends to allocate up to approximately RM550.00 million from the Disposal Consideration for the partial repayment of interest-bearing borrowings of the Group. As at the LPD, the Group's total interest-bearing borrowings amounted to approximately RM872.12 million, details of which are set out below:

Type of Facility	Amount outstanding RM'000
Short term borrowings	
Bank overdrafts	250
Bankers' acceptances	19,391
Revolving credits	85,707
Term loans	166,896
Sukuk Murabahah Commercial Papers	50,000
	322,244

Type of Facility	Amount outstanding RM'000
Long term borrowings	
Term loans	399,880
Sukuk Murabahah Medium Term Notes	150,000
	549,880

For shareholders' information, the Group's total cash and bank balances as at the LPD is approximately RM261.48 million. Based on the aforementioned, the Group's net interest-bearing borrowings as at the LPD amounted to approximately RM610.64 million. For illustration purpose, the partial repayment of the Group's interest-bearing borrowings of approximately RM550.00 million is expected to result in an interest cost savings of approximately RM18.76 million per annum, which translates into an effective interest rate of approximately 3.41% per annum.

(b) New planting and replanting of oil palm

The Group intends to utilise approximately RM45.00 million for new planting and replanting of oil palm. The Group is predominantly an upstream player in the oil palm plantation industry. As at the LPD, the Group has oil palm estates located in Sabah Malaysia, Kalimantan and Sumatera in Indonesia with a total planted area of 39,564 hectares, as well as 6 palm oil mills, 2 in Sabah Malaysia, 2 in Sumatera and 2 in Kalimantan in Indonesia. The breakdown of the total planted hectareage of the Group is set out below:

	<-----Hectares----->		
	Sabah, Malaysia	Kalimantan and Sumatera, Indonesia	Total
<u>Matured (age in years)</u>			
4 - 8	1,604	10,983	12,587
9 - 15	336	17,201	17,537
16 - 20	5	5,325	5,330
Above 20	901	1,887	2,788
Sub-total	2,846	35,396	38,242
<u>Immature</u>	488	834	1,322
Total	3,334	36,230	39,564

The Group anticipates undertaking new planting and replanting of approximately 3,500 hectares of oil palm in year 2023 and 2024 to improve the age profile of the Group's oil palm trees and sustain its oil palm business for the long term. In this connection, the activities include land preparation, planting and supplying, weeding and manuring over the 2-year period.

(c) Infrastructure works and capital expenditure

The Group intends to utilise approximately RM47.00 million over a 2-year period to partially fund the construction, upgrading and maintenance of infrastructure, and capital expenditure of its oil palm estates and mills located in Indonesia and Malaysia. Infrastructure works to be undertaken include amongst others, construction, upgrading and maintenance of roads, bridges and bunds whereas capital expenditure includes upgrading and construction of workers' accommodation and the purchase of equipment and vehicles. As a precautionary measure to contain the spread of COVID-19, infrastructure works and capital expenditure over the past 2 years have been restricted to those urgently needed. With the relaxation of movement controls in Indonesia and Malaysia, the Group anticipates to increase its expenditure in the coming years to improve the infrastructure at the estates, and also to invest in equipment and vehicles to support its estate and mill operations. However, the proceeds to be utilised for each component of the infrastructure works and capital expenditure will be subject to the operating requirement of the Group and therefore cannot be determined at this juncture.

(d) General working capital

The proceeds are proposed to be utilised towards the general working capital requirements of the Group, which include amongst others, staff and workers related expenses such as wages and salaries, payment to creditors for purchases such as fertilizer, agrochemicals and diesel, administrative expenses and other operating expenses.

Premised on the above, TSH Group intends to utilise approximately RM68.94 million of the proceeds for working capital purposes as follows:

	RM'000
(i) Staff and workers related expenses such as wages and salaries	40,000
(ii) Purchases of fertilizer, agrochemicals and diesel	28,944
Total	68,944

The actual utilisation may vary and is dependent on TSH Group's working capital requirements at that relevant point in time.

(e) Estimated expenses

The estimated expenses of approximately RM20.14 million in relation to the Proposed Disposal is expected to be utilised as follows:

	RM'000
(i) Tax payable to Indonesian tax office*	18,277
(ii) Professional fees, valuation fees and legal fees	1,561
(iii) Other expenses including amongst others, regulatory fees and expenses to convene the EGM as well as printing, despatch and advertising	305
Total estimated expenses	20,143

Note:

* The estimated tax payable to Indonesian tax office was derived based on final tax imposed on gross transfer value.

In the event the actual expenses for the Proposed Disposal are higher than the estimate, the deficit will be funded from the amount allocated for the general working capital of the Group. However, if the actual expenses for the Proposed Disposal are lower than the estimate, the excess will be utilised for the amount allocated for general working capital of the Group.

Any variance in the actual amount of gross proceeds received (due to the movement in foreign exchange) will be adjusted to/from the amount allocated for general working capital of TSH Group. Pending utilisation of the proceeds from the Proposed Disposal for the above purposes, the proceeds will be placed in interest-bearing accounts with licensed financial institutions or short-term money market instruments.

2.9 Cash company or PN17 of the Listing Requirements

The Proposed Disposal is not expected to result in TSH becoming a cash company or a PN17 company as defined under the Listing Requirements.

3. INFORMATION ON THE SALE LAND

The Sale Land, contains an area of 13,214.90 hectares held under 5 HGUs and 2 HGBs in 2 separate portions, viz northern portion with an area of about 3,829.27 hectares held under 2 HGUs (HGU Certificates No. 32 and 33) at Desa Tanah Kuning and southern portion with the remaining 7,894.17 hectares held under 3 HGUs (HGU Certificates No. 35, 37 and 38) and 1,491.46 hectares held under 2 HGBs (HGB Certificates No. 00001 and 00002) (also known as Converted Land) at Desa Mangkupadi, and pockets of Uncertified Land totaling 683.36 hectares held under Girik/Customary Rights Land where 100.67 hectares adjoining to boundary of Tanah Kuning Estate and remaining 582.69 hectares within/adjoining Mangkupadi Estate. These 2 portions are about 12 km apart and situated at the sea coast, facing the Sulawesi Sea at its east.

The combined parcel of the 2 lots (HGU Certificates No. 32 and 33) (making up the smaller northern portion at Desa Tanah Kuning is known as PT Bulungan Citra Agro Persada Tanah Kuning Estate and approximately 2,169.30 hectares has been planted with oil palm. The combined parcels formed an irregular shape with the smaller lot (HGU Certificate No. 32) is situated south-west of the larger lot separated by a narrow tract of land some 600 meters apart. An existing road traverses this tract of land. The smaller lot has a triangular shape and orientated lengthwise in a north-south direction. It has straight western and southern boundaries, and a 'wavy' eastern boundary. It measures about 4.2 km north-south and largest width of around 2 km at its southern boundary. The larger lot (HGU Certificate No. 33) has an irregular shape and also orientated lengthwise in a north-south direction. The northern boundary and part of the western boundary are straight. The other boundaries are either wavy or truncated. It has a length of some 9 km north-south and the widest section east-west measures about 5.5 km.

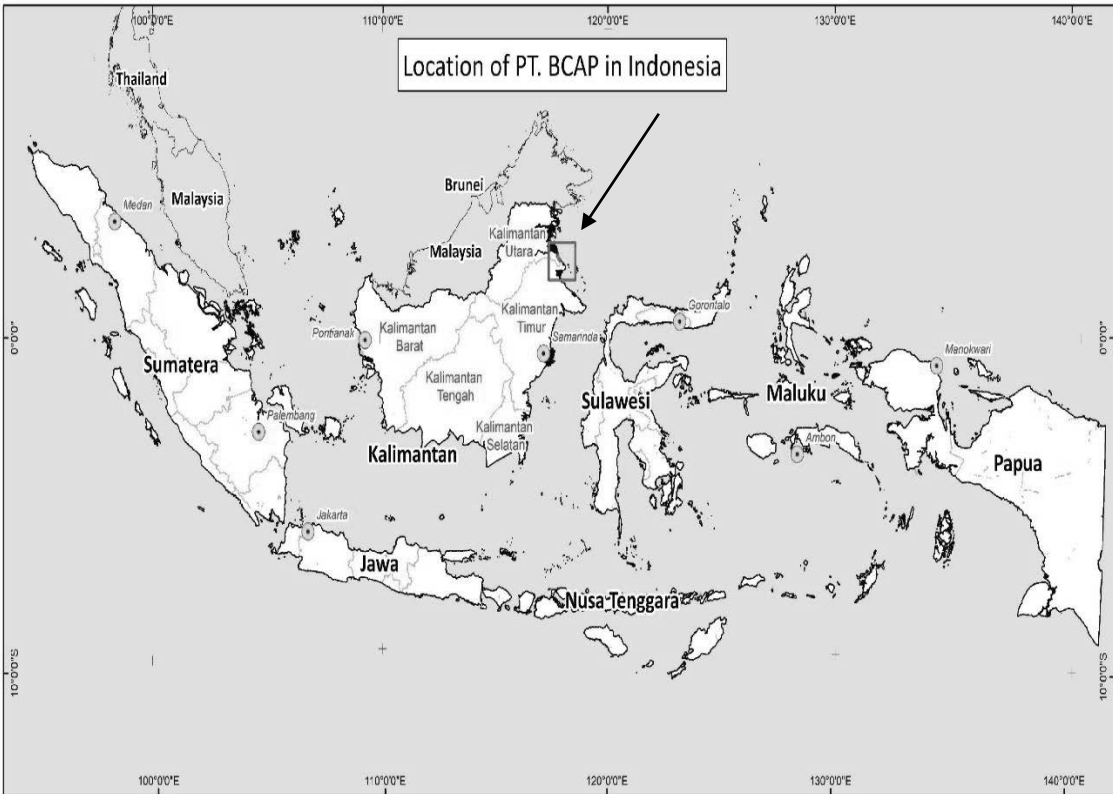
The remaining combined parcel of the 5 lots (HGU Certificates No. 35, 37 and 38 and HGB Certificates No. 00001 and 00002) making up the larger southern portion at Desa Mangkupadi is known as PT Bulungan Citra Agro Persada Mangkupadi Estate and approximately 1,649.59 hectares has been planted with oil palm. It has a rectangular shape with roughly C shape and square shape parcels of lands (outside HGU) at the mid-southern section and northeast section, respectively. Orientated lengthwise in a north-west to south-east direction, it measures about 18 km along the north-east boundary which also fronts onto Sulawesi Sea and widest width of about 7 km from north-east to south-west. There is a river meanders at the mid-section from south-west to north-east into Sulawesi Sea.

The current land use/state of development and cultivation of both Tanah Kuning and Mangkupadi is tabulated as follows:

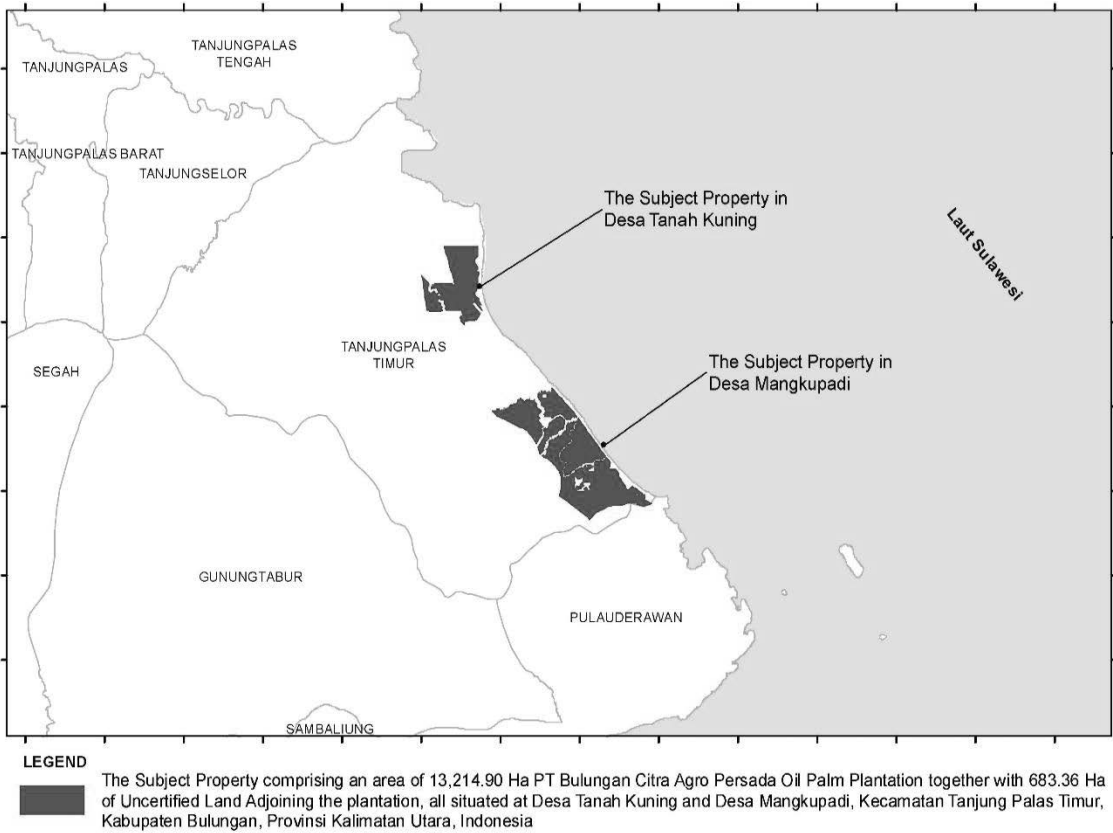
Description	Certified Land and Converted Land		
	Tanah Kuning Hectares	Mangkupadi Hectares	Total Hectares
Total planted area	2,169.30	1,649.59	3,818.89
Unplanted area	1,072.98	7,691.28	8,764.26
Unplantable area	508.08	12.00	520.08
Nursery	27.88	7.00	34.88
Estate building site	13.97	4.97	18.94
Roads	30.71	13.24	43.95
Drains	6.35	7.55	13.90
Total area	3,829.27	9,385.63	13,214.90

The 683.36 hectares Uncertified Land is vacant and under shrubs and bushes.

The maps below illustrate the approximate location of the Sale Land:



(Source: Valuation Report)



(Source: Valuation Report)

a) Further details of the Certified Land and Converted Land are set out below:

		Certified Land		Converted Land
		KIKI Land	KIPI Land	
Location	:	Tanah Kuning Village, East Tanjung Palas District, Bulungan Regency, North Kalimantan, Indonesia	Mangkupadi Village, East Tanjung Palas District, Bulungan Regency, North Kalimantan, Indonesia	Mangkupadi Village, East Tanjung Palas District, Bulungan Regency, North Kalimantan, Indonesia
Land title	:	1) HGU No. 32 2) HGU No. 33	1) HGU No. 35 2) HGU No. 37 3) HGU No. 38	1) HGB No. 00001 2) HGB No. 00002
Land area	:	3,829.27 hectares	7,894.17 hectares	1,491.46 hectares
Tenure of leasehold land	:	Expiring on 3 October 2046	Expiring on 3 October 2046	Expiring on 3 October 2046
Registered owner	:	BCAP	BCAP	BCAP
Category of land use	:	Agriculture	Agriculture	Development
Existing use	:	Oil palm plantation	Oil palm plantation	Pending development
Encumbrances	:	Nil	Nil	Nil

(Source: Valuation Report)

b) Other information of the Certified Land and Converted Land are set out below:

(i) Age profile and planted area	:	<table><tr><th>Years of planting</th><th>Hectarage</th></tr><tr><td>2007 - 2011</td><td>880</td></tr><tr><td>2012 - 2015</td><td>2 939</td></tr></table>	Years of planting	Hectarage	2007 - 2011	880	2012 - 2015	2 939
Years of planting	Hectarage							
2007 - 2011	880							
2012 - 2015	2 939							

(ii) FFB production in metric tonnes	:	<table><tr><th>FYE 31 December</th><th>FFB annual production</th></tr><tr><td>2019</td><td>79,572</td></tr><tr><td>2020</td><td>74,244</td></tr><tr><td>2021</td><td>81,235</td></tr></table>	FYE 31 December	FFB annual production	2019	79,572	2020	74,244	2021	81,235
	FYE 31 December	FFB annual production								
	2019	79,572								
	2020	74,244								
2021	81,235									

(iii) Profit contribution :

	<-----FYE 31 December----->		
	2019	2020	2021
Plantation profits (RM'000)	(7,028)	(13,250)	9,885
The Group's net profit (RM'000)	45,625	90,324	202,013
Percentage of profit contribution to TSH Group (%) ⁽ⁱ⁾	-	-	4.89

- c) The Uncertified Land is vacant and under shrubs and bushes.
- d) Audited NBV of the Sale Land as at 31 December 2021⁽ⁱⁱ⁾ is RM263.32 million.
- e) Market value of the Sale Land⁽ⁱⁱⁱ⁾ is Rp1,008.90 billion (equivalent to approximately RM295.65 million).

Notes:

- (i) Percentage of net profit of BCAP over net profit of TSH Group.
- (ii) Based on the latest audited consolidated financial statements of TSH Group for the FYE 31 December 2021.
- (iii) As appraised by the Valuer vide its Valuation Report and Valuation Certificate as at the date of valuation of 8 December 2021, whereby the Valuer had adopted the investment method and comparison method as counter-check in appraising the market value of the Sale Land on the basis that the entire Certified Land, Converted Land and Uncertified Land were held under HGU as described in Section 2.3 of this Circular.

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4. RATIONALE AND BENEFITS OF THE PROPOSED DISPOSAL

The Proposed Disposal is in line with TSH's strategy of constantly evaluating its portfolio of investments and where possible seeking opportunities to unlock and realise the value of its investments for the benefit of the shareholders of TSH. For shareholders' information, the Sale Land has been earmarked for the development of an integrated green industrial estate in North Kalimantan Province by the Government of Indonesia.

Based on the Disposal Consideration and the latest audited NBV of the Sale Land of approximately RM263.32 million as at 31 December 2021, the TSH Group is expected to record a proforma gain on disposal of approximately RM421.96 million pursuant to the Proposed Disposal.

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; and improve the Group's cash flow position due to lower interest expense.

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.

The contribution from BCAP plantation to the Group was approximately RM9.89 million in the FYE 31 December 2021, representing approximately 4.89% of the Group's net profit. The loss in the profit contribution following the completion of the Proposed Disposal will be compensated by the interest savings arising from the repayment of the Group's interest-bearing borrowings. For illustration and comparison purposes, the partial repayment of the Group's interest-bearing borrowings of approximately RM550.00 million is expected to result in an interest cost savings of approximately RM18.76 million per annum, as presented in Section 2.8, Note (a) of this Circular.

The Group remains optimistic on the long term prospect of the palm oil industry. The slowdown of new plantings throughout Indonesia and Malaysia in recent years is expected to result in structural changes in the global palm oil supply in the coming years. With the ageing palm tree profile across both countries, palm oil supply in short to medium is likely to be constrained. On the other hand, global population and per capita income growth as well as the many health qualities of palm oil are expected to continue to drive greater demand for palm products. As stated above, the improved gearing following the Proposed Disposal will provide greater capacity to raise additional funding to accelerate the development of the Group's remaining unplanted plantation lands and replanting of oil palm trees. This will augur well towards TSH Group's long-term financial performance.

5. RISK FACTORS OF THE PROPOSED DISPOSAL

The risk factors relating to the Proposed Disposal are as follows:

(i) Non-completion of the Proposed Disposal

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 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.

The Company will take all reasonable steps to ensure that, insofar as the Company is concerned, the conditions precedent and terms and conditions of the CSPA are fulfilled to facilitate the Proposed Disposal. Nonetheless, 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.

(ii) Foreign currency exchange

The Disposal Consideration of approximately RM731.09 million to be received by BCAP if and when converted into RM may be impacted by any adverse fluctuations of Rp against RM as the Disposal Consideration will be paid in Rp. Therefore, any future significant exchange rate fluctuations may have an adverse impact on the Disposal Consideration to be received by BCAP in RM terms.

With regard to the above, to manage the Group's exposure against adverse foreign currency fluctuations, the Group may adopt hedging policies via utilisation of hedging instruments to minimise the effects of foreign currency fluctuations.

(iii) Risk of scarcity of landbank

The Proposed Disposal will result in a reduction of approximately 9.65% to the Group's total planted landbank after taking into consideration the Sale Land's total planted area measuring 3,818.89 hectares against the Group's total planted area as at the LPD of 39,564 hectares. Moving forward, the Group will continue to seek for opportunities to replenish and expand its plantation assets as well as to further grow its existing businesses.

The Group may face difficulty in identifying and acquiring oil palm plantation lands or oil palm plantation companies in view of the scarcity and premium prices of plantation assets. However, the Group's longstanding experience in the oil palm plantation industry, in both Indonesia and Malaysia, puts it in good stead to execute its future growth and investment strategy. Further, its knowledge and expertise developed over years of involvement in the industry will serve the Group well to contend with the vagaries of the industry.

Notwithstanding the above, the Group will adopt a prudent investment strategy in identifying and acquiring suitable plantation assets that will contribute positively to the earnings of the Group.

6. EFFECTS OF THE PROPOSED DISPOSAL

6.1 Share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued share capital and the substantial shareholders' shareholdings of TSH as the Proposed Disposal will not involve the issuance of any new TSH Shares.

6.2 NA per TSH Share and gearing

Based on the latest audited consolidated statements of financial position of TSH Group as at 31 December 2021 and assuming that the Proposed Disposal had been effected on that date, the proforma effects of the Proposed Disposal on the NA per TSH Share and gearing of TSH Group are set out in the following page:

	Audited as at 31 December 2021 RM'000	After the Proposed Disposal RM'000
Share capital	740,512	740,512
Treasury shares	(1,467)	(1,467)
Capital reserve	9,630	9,630
Foreign currency translation reserve	(218,623)	(218,623)
Share of associate reserve	100	100
Retained earnings	1,111,178	1,490,942 ^(a)
Shareholders' funds/ NA	1,641,330	2,021,094
No. of TSH Shares in issue ('000) ^(c)	1,380,174	1,380,174
NA per TSH Share (RM)	1.19	1.46
Total interest bearing borrowings (RM'000)	1,109,325	559,325 ^(b)
Gearing ratio (times)	0.68	0.28

Notes:

- (a) After adjusting for 90% share of proforma gain on disposal of approximately RM379.76 million in relation to the Proposed Disposal.
- (b) After adjusting for the partial repayment of interest-bearing borrowings amounting to RM550.00 million from the Disposal Consideration.
- (c) Excluding 1,629,000 treasury shares held by the Company.

6.3 Earnings and EPS

The proforma effects of the Proposed Disposal on the consolidated EPS of TSH Group assuming the Proposed Disposal had been effected at the beginning of the FYE 31 December 2021, is illustrated as follows:

	Audited as at 31 December 2021 RM'000	After the Proposed Disposal RM'000
Profit attributable to owners of the Company	169,415	169,415
Add: Proforma gain on the Proposed Disposal	-	^(a) 421,960
Less: Share of gain by non-controlling interest	-	(42,196)
Proforma gain attributable to owners of the Company	169,415	549,179
Weighted average number of TSH Shares in issue ('000) ^(b)	1,380,174	1,380,174
Basic EPS (sen)	12.27	39.79

Notes:

- (a) Computed based on the Disposal Consideration of RM731.09 million less the audited NBV of the Sale Land of approximately RM263.32 million as at 31 December 2021, estimated plasma settlements of RM25.67 million and estimated expenses relating to the Proposed Disposal of RM20.14 million.
- (b) Excluding 1,629,000 treasury shares held by the Company.

6.4 Convertible Securities

As at the LPD, the Company does not have any convertible securities.

7. APPROVALS REQUIRED/OBTAINED

The Proposed Disposal is subject to the following approvals being obtained:

- (i) the shareholders of TSH, for the Proposed Disposal at the forthcoming EGM by way of poll; and
- (ii) any other relevant authorities and/or parties, if required.

The Proposed Disposal is not conditional upon any other proposal undertaken or to be undertaken by the TSH Group.

8. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 48.96% based on the Disposal Consideration over the audited consolidated NA of TSH Group as at 31 December 2020.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVES AND/OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the Directors, major shareholders, chief executives of TSH Group and/or persons connected with them have any interests, whether direct or indirect, in the Proposed Disposal:

- (i) Raden Harry Zulnardy who is a director of BCAP, has interests in KIKI and KIPi. He currently holds a direct equity interest of 0.01% and an indirect equity interest of 99.99% in KIKI via PT Kawasan Industri Hijau Indonesia. He also has an indirect equity interest of 90.09% in KIPi via PT Kawasan Industri Kalimantan Asri. As at the LPD, he does not hold any TSH Shares and does not sit on the Board; and
- (ii) Garibaldi Thohir who holds a 10% equity interest in BCAP, is the President Director of Adaro, the holding company of PT Alam Tri Bangun Indonesia which in turn holds 9.91% equity interest in KIPi. Adaro is a public company listed on the Indonesia Stock Exchange. As at the LPD, he does not hold any TSH Shares and does not sit on the Board.

The Proposed Disposal is regarded as a related party transaction and falls under Paragraph 10.08(9) of the Listing Requirements. Accordingly, the Company is exempted from appointing an independent adviser and obtaining shareholders' approval for the related party transaction. However, as the highest percentage ratio is 48.96% pursuant to Section 8 of this Circular, the Proposed Disposal is subject to the shareholders' approval of the Company pursuant to Paragraph 10.07 of the Listing Requirements.

10. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of TSH, having considered all aspects of the Proposed Disposal, including the basis and justification for arriving at the Disposal Consideration, salient terms of the CSPA, rationale and benefits of the Proposed Disposal as well as the effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is:

- (i) in the best interest of the Company;
- (ii) fair, reasonable, and on normal commercial terms; and
- (iii) not detrimental to the interest of the minority shareholders of the Company.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Disposal, including the basis and justification for arriving at the Disposal Consideration, salient terms of the CSPA, rationale and benefits of the Proposed Disposal as well as the effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is:

- (i) in the best interest of the Company;
- (ii) fair, reasonable, and on normal commercial terms; and
- (iii) not detrimental to the interest of the minority shareholders of the Company.

Accordingly, the Board recommends that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.

12. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposed Disposal is expected to be completed by the first quarter of 2023.

The tentative timetable for the implementation of the Proposed Disposal is set out below:

Date/Month	Events
29 June 2022	<ul style="list-style-type: none">Convening of the EGM to obtain the approval from the shareholders of TSH for the Proposed Disposal
By mid March 2023	<ul style="list-style-type: none">Fulfilment of all the conditions precedent of the CSPA for the Proposed Disposal
By end March 2023	<ul style="list-style-type: none">Completion of the Proposed Disposal

13. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Disposal, there are no other corporate exercise which has been announced by the Company but not yet completed as at the date of this Circular.

14. TOTAL AMOUNT TRANSACTED WITH THE SAME RELATED PARTY FOR THE PRECEDING 12 MONTHS

Save for the Proposed Disposal and as disclosed below, there are no other transactions entered into between the Company with the interested parties during the past 12 months preceding the LPD:

- (i) On 4 November 2021, TSH disposed of 1,625 ordinary shares in KIPI, representing 65.0% equity interest in KIPI to PT Kawasan Industri Kalimantan Asri at a cash consideration of approximately Rp1.625 billion (or equivalent to approximately RM489,125), which was completed on even date.

15. EGM

The EGM of TSH in respect of the Proposed Disposal will be conducted 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).

The notice of the EGM together with the Proxy Form, Administrative Guide and this Circular are available on the Company's website at <https://www.tsh.com.my/investor-relations/shareholders-meeting/>. Please follow the procedures provided in the Administrative Guide in order to register, attend, participate and vote remotely at the EGM.

A member of the Company entitled to attend, participate and vote at the meeting is entitled to appoint not more than 2 proxies to attend, participate and vote on his behalf. Where a member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company. If no names are inserted in the space for the name of proxy, the Chairman of the meeting will act as proxy.

If you wish to appoint a proxy to attend, participate and vote on your behalf at the EGM, you may deposit the duly completed and signed Proxy Form to the Company's share registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor no later than 48 hours before the time appointed for holding this meeting. For individual shareholder, you may lodge your Proxy Form electronically through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> by logging in and selecting "Submit eProxy Form" no later than 48 hours before the time appointed for holding this meeting.

16. ADDITIONAL INFORMATION

You are advised to refer to the attached appendices for additional information.

Yours faithfully,
For and on behalf of the Board
TSH RESOURCES BERHAD

SELINA BINTI YEOP JUNIOR @ LOPE
Independent Non-Executive Director

SALIENT TERMS OF THE CSPA

The salient terms of the CSPA are set out below:

1. Agreement for sale and purchase

Subject to the fulfilment of conditions as set forth in the CSPA, the Seller agrees to bind itself to sell to the Buyers and the Buyers agree to bind themselves to purchase from the Seller the Sale Land free from any encumbrances and on clear from any third-party rights according to Agrarian Law of the Republic of Indonesia (as defined in the CSPA) along with any building, fixtures and any plants or trees stand on or attached to it.

2. Disposal Consideration and payment

Details of the Disposal Consideration are set out in Section 2 of this Circular.

3. Conditions precedent

The CSPA is conditional upon the following being fulfilled within 9 months from the date of the CSPA with an automatic extension of 6 months from the expiry of the aforesaid 9 months period, and such further extension the Parties may agree to in writing ("**Long Stop Date**"):

(i) In respect to the Certified Land

- (a) Approval of the shareholders of TSH and the Board for the transaction contemplated under the CSPA to be obtained by the Seller;
- (b) Completion of due diligence exercise by the relevant Buyer in the form satisfactory to the relevant Buyer within 2 months after the execution of the CSPA or such other period before the Long Stop Date as may be mutually agreed between the relevant Buyer and the Seller, completion evidenced by the receipt of documents as set forth in the CSPA;
- (c) Settlement for plasma plantation obligation requirement that the Seller is responsible for and minutes of settlement of plasma obligation passed in front of the notary (in the form of notarial deed) signed by Koperasi Serba Usaha Mega Buana, a cooperative duly established and validly existing under the laws of the Republic of Indonesia having its domicile in Tanah Kuning Village, East Tanjung Palas District, Bulungan Regency, North Kalimantan Province ("**KSU Mega Buana**"), in respect to KIKI Land or Koperasi Serba Usaha Sejahtera, a cooperative duly established and validly existing under the laws of the Republic of Indonesia having its domicile in Mangkupadi Village, East Tanjung Palas District, Bulungan Regency, North Kalimantan Province ("**KSU Sejahtera**") in respect to KIPi Land with the Seller, respectively, along with the notification of such settlement to the local plantation agency and the Regent of Bulungan and their receipt of such notification;
- (d) The completion of bordering process to reinforce land possession by the Seller which the Buyers acknowledge that the same has been satisfied and completed by the Seller prior to the execution of the CSPA;

SALIENT TERMS OF THE CSPA (CONT'D)

- (e) The Minutes of Clean and Clear signed by the relevant Buyer and the Seller on the relevant Certified Land. The Minutes of Clean and Clear means the minutes to be signed by both the representatives of the Seller and the relevant Buyer upon completion of the agreed upon procedures for a joint survey to signify the relevant Sale Land is deemed free from any encumbrances and on clear from any third party rights according to Agrarian Law of the Republic of Indonesia (as defined in the CSPA) ("**Minutes of Clean and Clear**"); and
 - (f) A signed statement from TSH confirming TSH has obtained approval pursuant to its facility agreement(s).
- (ii) In respect to the Converted Land
 - (a) Approval of the shareholders of TSH and the Board for the transaction contemplated under the CSPA to be obtained by the Seller;
 - (b) Completion of due diligence exercise by KIPi in the form satisfactory to KIPi within 2 months after the execution of the CSPA or such other period before the Long Stop Date as may be mutually agreed between KIPi and the Seller, completion evidenced by the receipt of documents as set forth in the CSPA;
 - (c) Settlement for plasma plantation obligation requirement that the Seller is responsible for and minutes of settlement of plasma obligation passed in front of the notary (in the form of notarial deed) signed by KSU Sejahtera with the Seller, along with the notification of such settlement to the local plantation agency and the Regent of Bulungan and their receipt of such notification;
 - (d) The completion of bordering process to reinforce land possession by the Seller which KIPi acknowledges that the same has been satisfied and completed by the Seller prior to the execution of the CSPA;
 - (e) The Minutes of Clean and Clear signed by KIPi and the Seller on the relevant Converted Land; and
 - (f) A signed statement from TSH confirming TSH has obtained approval pursuant to its facility agreement(s).
- (iii) In respect to the Uncertified Land
 - (a) Approval of the shareholders of TSH and the Board for the transaction contemplated under the CSPA to be obtained by the Seller;
 - (b) Completion of due diligence exercise by the relevant Buyer in the form satisfactory to the relevant Buyer within 2 months after the execution of the CSPA or such other period before the Long Stop Date as may be mutually agreed between the relevant Buyer and the Seller, completion evidenced by the receipt of documents as set forth in the CSPA;
 - (c) The Minutes of Clean and Clear signed by the relevant Buyer and the Seller on the relevant Uncertified Land;
 - (d) A statement letter made by the Seller confirming the Seller is the only party that physically controls the Uncertified Land;

SALIENT TERMS OF THE CSPA (CONT'D)

- (e) The respective *Berita Acara Pembayaran Kompensasi Lahan Garapan* confirming that the previous landowner has received the compensation and handed over the respective Uncertified Land to the Seller, signed by the representative of the Seller and the landowner, and acknowledged by the representatives of the village; and
- (f) A signed statement from TSH confirming TSH has obtained approval pursuant to its facility agreement(s).

4. Completion

Each completion will take place in Bulungan Regency as follows:

- (i) In respect to the Certified Land

Within 15 business days after all the conditions precedent for each closing of the Certified Land as set out in Item 3(i) under Appendix I of this Circular have been satisfied or waived by the relevant Buyer to the extent such waiver is permitted under the relevant prevailing laws and regulations and after the conversion of the respective Certified Land into HGB as set forth in the CSPA or at such other time or place as may be mutually agreed in writing between the Parties.

- (ii) In respect to the Converted Land

Within 15 business days after all the conditions precedent for each closing of the Converted Land as set out in Item 3(ii) under Appendix I of this Circular have been satisfied or waived by KIPPI to the extent such waiver is permitted under the relevant prevailing laws and regulations or at such other time or place as may be mutually agreed in writing between the Seller and KIPPI.

- (iii) In respect to the Uncertified Land

Within 15 business days from the beginning of the month of every quarter of the relevant year after the signing of the CSPA and after all of the conditions precedent for each closing of the Uncertified Land as set out in Item 3(iii) under Appendix I of this Circular have been satisfied or waived by the relevant Buyer to the extent such waiver is permitted under the relevant prevailing laws and regulations or at such other time or place as may be mutually agreed in writing between the Parties.

5. Event of Default

- (i) Buyers Event of Default

The failure of the respective Buyers to pay any of the Disposal Consideration to the Seller in accordance to the CSPA shall constitute an event of default on the part of the relevant Buyer whereupon the Seller shall be entitled at its option to terminate the CSPA and forfeit the relevant Deposit in respect to the relevant Certified Land and/or Converted Land as liquidated damages or to seek for specific performance and/or damages of the CSPA against the relevant Buyer together with all other relief following therefrom.

SALIENT TERMS OF THE CSPA (CONT'D)

(ii) Seller Event of Default

The failure of the Seller to complete the transfer of any of the Sale Land to the respective Buyers in accordance to the CSPA and the respective Buyers have been ready, willing and able to perform all of its obligation under the CSPA shall constitute an event of default on the part of the Seller whereupon the respective Buyers shall be entitled to terminate the CSPA and the Seller shall refund to the respective Buyers the relevant Deposit free of interest or to seek specific performance and/or damages of the CSPA against the Seller together with all other relief following therefrom.

6. Termination(i) Mutual Termination

The Parties may, by mutual consent in writing, terminate the CSPA.

(ii) Unfulfilled Conditions Precedent by Long Stop Date

(a) In respect to the Certified Land and Uncertified Land

In the event the conditions precedent set out in Item 3(i) and 3(iii) under Appendix I of this Circular cannot be fulfilled by the Seller or are not waived by the relevant Buyer by the Long Stop Date, the relevant Buyer shall be entitled in its option to either:-

- (1) grant the Seller an extension period between a minimum of 3 months and a maximum of 12 months from the expiry of the Long Stop Date ("**Extended Long Stop Date**") for the Seller to fulfil the unfulfilled conditions precedent. If the Seller cannot fulfil the conditions precedent by the expiry of the Extended Long Stop Date, then the relevant Buyer and the Seller shall, reasonably discuss and mutually determine, in good faith, for an alternative measure for the completion of the CSPA. In the event the relevant Buyer and the Seller cannot mutually agree upon an alternative measure within 30 days from the expiry of the Extended Long Stop Date, then either party shall be entitled to terminate the acquisition of such Certified Land and/or Uncertified Land that conditions precedent set out in Item 3(i) and 3(iii) under Appendix I of this Circular has not been fulfilled, as the case may be. The Seller shall refund to the relevant Buyer the relevant Deposit for the relevant Certified Land that has been terminated as aforesaid, free of interest and thereafter the acquisition in respect to such Certified Land and/or Uncertified Land, as the case may be, shall be deemed cancelled and of no further effect and the relevant Buyer and the Seller shall be released from further obligation or liability in respect to such Certified Land and/or Uncertified Land, as the case may be, save and except for any breach that has occurred; or

SALIENT TERMS OF THE CSPA (CONT'D)

- (2) terminate the acquisition of such Certified Land and/or Uncertified Land that conditions precedent set out in Item 3(i) and 3(iii) under Appendix I of this Circular has not been fulfilled, as the case may be. The Seller shall refund to the relevant Buyer the relevant Deposit for the relevant Certified Land that has been terminated as aforesaid, free of interest and thereafter the acquisition in respect to such Certified Land and/or Uncertified Land, as the case may be, shall be deemed cancelled and of no further effect and the relevant Buyer and the Seller shall be released from further obligation or liability in respect to such Certified Land and/or Uncertified Land save and except for any breach that has occurred.

(b) In respect to the Converted Land

- (1) In the event the conditions precedent set out in Item 3(ii)(c) under Appendix I of this Circular cannot be fulfilled by the Seller by the Long Stop Date, KIPi shall grant the Seller an extension period between a minimum of 3 months and a maximum of 12 months from the expiry of the Long Stop Date ("**KIPi Extension**") for the Seller to fulfil such conditions precedent. The determination of the length of the KIPi Extension shall be at the discretion of KIPi. The Seller shall notify KIPi in writing if it cannot fulfil such conditions precedent by the expiry of the KIPi Extension and KIPi shall automatically waive such conditions precedent and proceed to completion in accordance to the CSPA. Thereafter, unless provided in the CSPA, KIPi and the Seller shall have no further claim against the other with regard to the unfulfilled condition precedent under the CSPA.
- (2) In the event the conditions precedent set out in Item 3(ii)(e) under Appendix I of this Circular cannot be fulfilled by the Seller by the Long Stop Date, KIPi shall grant to the Seller the KIPi Extension for the Seller to fulfil such conditions precedent. The Seller shall notify KIPi in writing if it cannot fulfil such conditions precedent by the expiry of the KIPi Extension and KIPi shall proceed to completion in accordance to the CSPA and be entitled to carry out all necessary works and action to fulfil such conditions precedent and claim such reasonable costs incurred from the Seller, which shall in no event exceed the aggregate sum equivalent to 10% of the purchase price of the relevant Converted Land. Thereafter, unless provided in the CSPA, KIPi and the Seller shall have no further claim against the other with regard to the unfulfilled condition precedent under the CSPA.

(iii) Deemed Termination

Notwithstanding Item 6(ii) under Appendix I of this Circular, if the conditions precedent set out in Item 3(i)(a), 3(ii)(a) and 3(iii)(a) cannot be fulfilled or satisfied for any reason whatsoever, the CSPA shall be deemed terminated and of no further effect. The Seller shall refund to the relevant Buyer the relevant Deposit free of interest and the Parties shall be released from further obligation or liability under the CSPA and neither Party shall have any further claim against the other.

SALIENT TERMS OF THE CSPA (CONT'D)

(iv) Failure of Conversion of the Certified Land into HGB

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 the following shall occur:-

- (a) 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. The Seller shall refund to the relevant Buyer the relevant Deposit of such Certified Land that has been terminated as aforesaid free of interest and thereafter the acquisition of such Certified Land that fails to be converted to HGB shall be deemed cancelled and of no further effect and the Parties shall be released from further obligation or liability hereunder in respect to such Certified Land that fails to be converted to HGB, and neither Party shall have any further claim against the other in respect to such Certified Land that fails to be converted to HGB, save and except for any breach that has occurred;
- (b) however, if the Seller has fulfilled all the conditions precedent which the Seller is obligated to fulfil as set out in Item 3(i) under Appendix I of this Circular, the Seller shall be entitled to forfeit the relevant Deposit as liquidated damages.

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VALUATION CERTIFICATE FOR THE SALE LAND

C H Williams Talhar & Wong**C H Williams Talhar & Wong (Sabah) Sdn Bhd**
[Registration No. 197701003650 (34874-P)]Jurukur Berkanun
Chartered SurveyorsPerunding Harta Antarabangsa
International Property ConsultantsRooms 605-608, 6th Floor,
Wisma Khoo Siak Chiew,
W.D.T. 110,
90009 Sandakan, Sabah.
Tel : 089-219714, 271972
217022, 217025
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Website : www.wtw.com.mySr Leong Shin Yau
B Comm MRICS MRISMSr Cornelius Koh
BSc MRICS MRISMSr Chong Fui Mei
BSc MRICS MRISMSr Benjamin Mu Vi Ken
BSc MRISMSr Chan Mon Hueg
BSc MRICS MRISMSr Foo Gee Jen
B Surv FRICS MRISM MPEPSSr Robert Ting Kang Sung
B Bus MRISM MPEPS MMIPPM

Consultants

Datuk Sr Chong Choon Kim PGRK

Sr Robin Chung York Bin

Our Ref: WTWS/SC/MISC/133/1

09 December 2021

TSH Resources Berhad
Menara TSH, No.8, Jalan Semantan
Damansara Heights
50490 KUALA LUMPUR

Dear Sirs

CERTIFICATE OF VALUATION ON 13,214.90 HECTARES
PT BULUNGAN CITRA AGRO PERSADA OIL PALM PLANTATION,
HELD UNDER HGU SERTIPIKAT NOS. 32, 33, 34, 35, 36, 37 AND 38, TOGETHER
WITH 683.36 HECTARES 'UNCERTIFIED LAND' ADJOINING THE PLANTATION
ALL SITUATED AT DESA TANAH KUNING AND DESA MANGKUPADI,
KECAMATAN TANJUNG PALAS TIMUR, KABUPATEN
BULUNGAN, PROVINSI KALIMANTAN UTARA, INDONESIA ("SUBJECT PROPERTY")

We refer to your instructions to carry out a formal valuation on the above-mentioned Subject Property and to provide our opinion on the Market Value of the Subject Property as at 08 December 2021 for the purpose of submission to Bursa Malaysia Securities Berhad in relation to the proposed disposal by PT Bulungan Citra Agro Persada ("BCAP"), a 90%-owned subsidiary of TSH Resources Berhad ("TSH") of the Subject Property ("Proposed Disposal") and this Report and Valuation is therefore to be used for such purpose only

We have prepared and provided this Valuation Certificate which outlines key factors that have been considered in arriving at our opinion of Market Value and reflects all information known by us and based on present market conditions for the inclusion in the circulars to shareholders of TSH Resources Berhad in relation to the Proposed Disposal.

The basis of the valuation is Market Value which is defined by the Malaysian Valuation Standards (MVS) to be "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

The Subject Property was inspected on our behalf by personels of Kantor Jasa Penilai Publik (KJPP) Herman, Meirizki & Rekan, Business & Property Appraisers, registered with Masyarakat Profesi Penilai Indonesia (Indonesia Society of Appraisers). The material date of valuation is taken as at 08 December 2021.

The valuation has been prepared in accordance with the requirements as set out in the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia with the necessary professional responsibility and due diligence.

The valuation for the Subject Property has been carried out by using the Investment (Net Present Value, Discounted Cash Flow) Method of valuation and cross checked by the Comparison Method. This Valuation Certificate should be read in conjunction with the full valuation report dated 09 December 2021 prepared by C H Williams Talhar & Wong (Sabah) Sdn Bhd for submission to the Bursa Malaysia Securities Berhad which detailed the basis under which the valuation have been prepared.

VALUATION CERTIFICATE FOR THE SALE LAND (CONT'D)

C H Williams Talhar & Wong

C H Williams Talhar & Wong (Sabah) Sdn Bhd (34874-P)

The description of the Subject Property is as follows:-

**Particulars of Title
(Sertipikat Hak Guna
Usaha (HGU) No.)**

Sertipikat Nos. (Title Nos.)	(1) 32 (2) 33 (3) 34 (4) 35	(5) 36 (6) 37 (7) 38
Nomor Identifikasi Bidang (NIB No.)	(1) 16.06.00.00.00041 (2) 16.06.00.00.00042 (3) 16.06.00.00.00048 (4) 16.06.00.00.00049	(5) 16.06.00.00.00050 (6) 16.06.00.00.00051 (7) 16.06.00.00.00052
Provinsi (Province)	Kalimantan Utara	
Kabupaten (County)	Bulungan	
Kecamatan (District)	Tanjung Palas	
Desa (Sub-District)	Tanah Kuning and Mangkupadi	
Lamanya Hak Berlaku (Term)	All were registered on 17 November 2011 for tenure of 35 years, commencing from 04 October 2011.	
Berakhirnya Hak (Expiry)	03 October 2046	
Pemegang Hak (Registered Owner)	All registered under the name of PT Bulungan Citra Agro Persada	
Luas (Area)	(1) 487.32 ha (2) 3,341.95 ha (3) 957.24 ha (4) 1,568.26 ha (5) 534.22 ha (6) 4,505.42 ha (7) 1,820.49 ha	
Total HGU Area	13,214.90 ha	
Hipotik (Charge/Encumbrances)	Nil	

The 683.36 hectares 'Uncertified Land' adjoining the plantation have yet to be issued with Sertipikat Hak Guna Usaha (HGU) but 'Girik' (Customary Rights or Hak Adat), had been transferred to BCAP. Most of these 683.36 hectares 'Uncertified Land' had been issued Izin Lokasi. With this 683.36 hectares 'Uncertified Land' we are valuing the legal interest of BCAP currently under the 'Girik' but to be certified by further formalised by application for and issue HGU.

VALUATION CERTIFICATE FOR THE SALE LAND (CONT'D)

C H Williams Talhar & Wong

C H Williams Talhar & Wong (Sabah) Sdn Bhd (34874-P)

Site : The Subject Property is located about 72 km by road due south-west of Tanjung Selor, Ibukota of Kabupaten Bulungan and is easily accessible via a partly metalled/gravelled road.

The Subject Property contains an area of 13,214.90 hectares held under 7 HGUs and in 2 separate portions, viz northern portion with an area of about 3,829.27 hectares held under 2 HGUs (Sertifikat Nos. 32 and 33) at Desa Tanah Kuning and southern portion with the remaining 9,385.63 hectares held under 5 HGUs (Sertifikat Nos. 34, 35, 36, 37 and 38) at Desa Mangkupadi, and pockets of uncertified land totalling 683.36 hectares held under 'Girik'/Customary Rights Land where 100.67 hectares adjoining to boundary of Tanah Kuning Estate and 582.69 hectares within/ adjoining Mangkupadi Estate. These 2 portions are about 12 km apart and situated at the sea coast, facing the Sulawesi Sea at its east.

Based on hectareage statement/estate records provided, a total of 3,818.89 hectares has been planted with oil palm, 8,764.26 hectares is unplanted area, 34.88 hectares under nursery site, 76.79 hectares under infrastructures (building sites, roads and drains) and remaining 520.08 hectares is unplatable area, while the 683.36 hectares 'Uncertified Land' is vacant under shrubs and bushes.

Generally the Subject Property is situated at the coastal area and the terrain is generally flat to gently undulating.

The natural drainage of the land is generally good.

Buildings : The estate buildings comprises both wooden and concrete buildings. Most buildings are single storey except for wooden buildings such as staff and labour quarters which are low raised floor on timber posts. The buildings are fitted with electricity and water supplies and maintained generally in fair conditions.

Buildings	Tanah Kuning Estate	Mangkupadi Estate
General buildings (stores, workshops, office, security, posts, masjid, gereja, creche, gen set house etc.)	50 units	18 units
Manager Mess	1 unit	1 unit
Labour Quarters	26 units	14 units

Source : TSH Resources Berhad's records

VALUATION CERTIFICATE FOR THE SALE LAND (CONT'D)

C H Williams Talhar & Wong

C H Williams Talhar & Wong (Sabah) Sdn Bhd (34874-P)

Road System : The Subject Property is adequately served by a network of internal estate roads as follows:-

	Tanah Kuning Estate (M)	Mangkupadi Estate (M)
Main Road		
Gravelled	17,222.57	12,363.55
Earth	26,692.88	14,469.65
Total	43,915.45	26,833.20
% Gravelled	39%	46%
Collection Road		
Gravelled	111,336.00	40,740.70
Earth	116,139.39	175,623.82
Total	227,475.39	216,364.52
% Gravelled	49%	19%

Source : TSH Resources Berhad's records

Existing Use : The subject plantation is planted with oil palms in 2 estates, namely Tanah Kuning and Mangkupadi. A summary of the oil palm cultivation is as follows:-

Description	Year of Planting	Tanah Kuning (Ha)	Mangkupadi (Ha)	Total (Ha)
Oil Palm	2007	482.06	-	482.06
Oil Palm	2011	398.12	-	398.12
Oil Palm	2012	374.58	741.23	1,115.81
Oil Palm	2013	197.80	481.58	679.38
Oil Palm	2014	600.48	426.78	1,027.26
Oil Palm	2015	116.26	-	116.26
Total Planted Area		2,169.30	1,649.59	3,818.89
Unplanted Area		1,072.98	7,691.28	8,764.26
Unplantable Area		508.08	12.00	520.08
Nursery		27.88	7.00	34.88
Building Site		13.97	4.97	18.94
Roads		30.71	13.24	43.95
Drains		6.35	7.55	13.90
Total HGU		3,829.27	9,385.63	13,214.90
Uncertified Land		100.67	582.69	683.36
Grand Total				13,898.26

Source : TSH Resources Berhad's records

The palms are Dura Pisifera (D x P) hybrids with planting materials sourced from *Socfindo*, *Ramets* (clonal materials), *Marihat*, *BSN* and *IJM* (PT Prima). The current age of the palms ranges from 6 to 14 years old. The palms were observed to be growing well and under routine agricultural upkeep and maintained.

VALUATION CERTIFICATE FOR THE SALE LAND (CONT'D)

C H Williams Talhar & Wong

C H Williams Talhar & Wong (Sabah) Sdn Bhd (34874-P)

Crop Production : The past 6 years yield records 2016-2021 (Jan-Sept) for the estates are tabulated as follows:-

YOP	Tanah Kuning						Mangkupadi Estate					
	FFB Yields (Mt/Ha/Year)						FFB Yields (Mt/Ha/Year)					
	2016	2017	2018	2019	2020	2021 (Jan-Sept)	2016	2017	2018	2019	2020	2021 (Jan-Sept)
2007	21.4	26.0	30.2	30.9	28.7	26.1	-	-	-	-	-	-
2011	13.0	20.2	23.2	26.3	24.2	20.7	-	-	-	-	-	-
2012	13.4	20.4	22.7	26.5	23.3	23.1	1.8	8.5	17.7	19.4	18.6	19.0
2013	1.6	7.9	13.8	19.0	17.0	17.9	0.9	5.6	12.1	15.9	13.7	14.7
2014	0.1	4.0	12.2	15.8	15.9	17.9	0.6	4.2	12.3	16.5	15.9	16.2
2015	1.3	2.6	11.4	16.5	16.3	18.2	-	-	-	-	-	-

Source : TSH Resources Berhad's records

No individual Oil Extraction Rate (OER) and Kernel Extraction Rate (KER) are available for the estates as the fruits are being sent to outside mill for processing. Based on our analysis of several palm oil mills in Kalimantan Timur and Kalimantan Utara, between 2015 and 2021, these mills have reported OER of between 19.91% and 22.62% and KER between 2.40% and 4.15%. From the FFB price published by the Dinas Perkebunan Provinsi Kalimantan Timur, OER of between 21.70% and 21.83% and KER between 5.05% and 5.15% for the period between 2016 and 2021 were used to determined the recommended FFB price.

Production Cost : The actual production cost for financial year 2017-2021 are as follows:-

YOP	Tanah Kuning					Mangkupadi Estate				
	FFB Yields (Mt/Ha/Year)					FFB Yields (Mt/Ha/Year)				
	2017	2018	2019	2020	2021 (Jan-Sept)	2017	2018	2019	2020	2021 (Jan-Sept)
General Charges (Rp'000/Ha)	9,371	9,677	8,254	7,310	4,879	9,371	9,677	8,254	7,310	4,879
Upkeep & Maintenance (Rp'000/Ha)	8,710	8,325	5,952	7,273	4,849	10,625	8,968	4,819	7,164	4,182
Harvesting & Collection & Transport (Rp'000/MT FFB)	485	458	444	257	207	681	530	514	320	261

Source : TSH Resources Berhad's records

Method of Valuation : We adopt the Investment (Net Present Value, Discounted Cash Flow) Method to value the oil palm fields. With this method, the annual income accruing to the oil palm is estimated based on yield and long term average price of the crop. From this is deducted the costs of production and the nett income is then capitalized at the appropriate rate of return for the remaining cropping life of the oil palm to obtain the value of the present crops. To this is added the scrub value or basic land value to which the land reverts at the end of the economic life of the cultivations, the basic land value being deferred (discounted) for the period.

The moveable assets such as motor vehicles, plant and machineries, equipment and furniture and fittings are not included in the valuation.

As a counter check, we have included recent transactions of oil palm estates.

VALUATION CERTIFICATE FOR THE SALE LAND (CONT'D)

C H Williams Talhar & Wong

C H Williams Talhar & Wong (Sabah) Sdn Bhd (34874-P)

**Parameters Adopted
In Valuation**

We have adopted the following parameters in the Investment Method of Valuation.

(a) Long Term Average Price (LTAP)

From the 60-month (December 2016 to November 2021) FFB prices published by Dinas Perkebunan Kalimantan Timur which give a range of Rp1,202,070 to Rp2,092,180 per MT. From this, a Sensitivity Testing/Simulation, and 60 month Simple Moving Average (SMA) against Weighted Moving Average (WMA) at Rp1,647,000 and Rp1,732,000, respectively, we adopt a LTAP for fresh fruit bunch of Rp1,700,000 per MT in the valuation. As the cropping life of oil palm is upto 22 years, the LTAP of Rp1,700,000 per MT for FFB is considered reasonable and sustainable in the medium to long run.

(b) Yield Profile of the Estate

The yields of the different plantings for their remaining economic life are projected by reference to the past recorded yields, the physical condition of the estate, the condition of the palms and the projected yield profiles of oil palm from different planting materials.

The projected yields adopted is tabulated as follows:-

Projected Yield Over Remaining Cropping Life (MT/Ha/Year)									
Year	Tanah Kuning Estate						Mangkupadi Estate		
	YOP 2007	YOP 2011	YOP 2012	YOP 2013	YOP 2014	YOP 2015	YOP 2012	YOP 2013	YOP 2014
2021	30.0	27.5	27.0	23.5	21.5	22.0	23.0	19.0	19.5
2022	29.0	28.5	28.0	25.5	23.0	24.0	25.0	21.5	21.5
2023	28.0	28.0	29.5	27.0	25.0	26.5	27.0	24.5	23.0
2024	28.0	28.0	29.5	28.0	26.0	28.5	27.0	25.0	24.0
2025	26.0	27.0	29.0	28.0	26.0	28.5	26.5	25.0	26.0
2026	25.0	26.0	28.0	27.5	26.0	28.5	25.5	24.5	26.0
2027	23.5	25.0	27.0	26.5	25.5	28.5	25.0	23.5	25.5
2028	22.5	24.5	26.0	25.5	25.0	28.0	24.0	23.0	25.0
2029	21.5	23.5	25.5	24.5	24.0	27.0	23.5	22.0	24.0
2030	21.0	22.5	24.0	24.0	23.0	26.0	22.0	21.5	23.0
2031	20.5	21.5	23.0	23.0	22.5	25.0	21.0	20.5	22.5
2032	-	20.5	22.0	22.0	21.5	24.5	20.5	19.5	21.5
2033	-	19.5	21.0	21.0	20.5	23.5	19.5	18.5	20.5
2034	-	19.0	20.5	20.0	19.5	22.5	18.5	18.0	19.5
2035	-	18.0	20.0	19.0	18.5	21.5	18.0	17.0	18.5
2036	-	-	19.0	18.5	18.5	20.5	17.5	16.5	18.0
2037	-	-	-	17.5	18.0	19.5	-	16.0	17.5
2038	-	-	-	-	17.0	19.0	-	-	16.5
2039	-	-	-	-	-	18.5	-	-	-

(c) Production Cost

The production cost is a summation of three main components mainly the General Charges, Field Upkeep and Harvesting & Collection of FFB based on the estate's past years records as well as from Comparable estates in the locality of the property

The production cost projection adopted is as follows:-

General Charges (Rp'000/Ha)	6.000	
Field Upkeep (Rp'000/Ha)	7.655	
Harvesting & Collection & Transport FFB (Rp'000/MT)	Tanah Kuning Estate	Mangkupadi Estate
	230	270

VALUATION CERTIFICATE FOR THE SALE LAND (CONT'D)

C H Williams Talhar & Wong

C H Williams Talhar & Wong (Sabah) Sdn Bhd (34874-P)

Parameters Adopted : (d) Life Span
In Valuation (cont'd)

We adopt a total life span of 25 years (Years 0 to 24) for oil palm from planting out to felling for replanting; or 2½ - 3 years (30 - 36 months Years 0 to 2) to maturity and cropping life thereafter of 22 years (Years 3 to 24). The actual cropping life of any oil palm field is therefore 25 years from planting out for the normal Dura x Pisifera (DxP) palms less current age of the oil palm.

(e) Discount Rates

Having taken due consideration of the risks of yield and price viz income fluctuations of pest and disease associated with oil palm and comparing with other real estate yields, we have adopted a Capitalization Rate of 10% to capitalize net income from mature oil palm cultivation, and 6% for deferring (discounting) the basic land value which is reverted to at the end of the cropping life.

(f) Basic Land Value

The basic land value is assessed by adding to the unimproved land value, the value of estate buildings, roads, water piping and electricity wires and land for roading and building sites.

The unimproved land value is derived by Comparison Method whilst the buildings and other infrastructure are value by the Depreciated Replacement Cost Method.

The Basic Land Value adopted is computed as follows:-

Unimproved Land Value (Rp'000 per Ha)	30,000
Value of Infrastructures (Rp'000 per Ha)	21,941
Basic Land Value (Rp'000 per Ha)	51,941

(g) Uncertified Land Value

The "Uncertified Land" is similar as "Unimproved Land Value" which we have assessed at Rp30,000,000 per hectare except that it is yet to be registered/issued with Hak Guna Usaha (HGU) and currently held under 'Girik'/Customary Rights Land (Refer to Legal Opinion attached in Appendix 'D'). It is assumed that HGU could be register/issue in 12 months from date of valuation. Therefore, we have assessed the uncertified land as follows:-

Value per Ha	Rp30,000,000
Less	
Estimated Premium and Other Related Government Charges, Survey and Administration, per Ha	Rp 3,678,000
Contingency Costs @ 10% of Land Value	Rp 3,000,000
	Rp23,322,000
Defer 1 year @ 6%	x 0.94
	Rp21,923,000
say	<u>Rp22,000,000</u>

Computation

The computation of Market Value by the Investment Method of Valuation is shown under Appendix 'A' of our valuation report.

Based on the above parameters, we have arrived at the Market Value of the Subject Property at Rp1,008,900,000,000.

VALUATION CERTIFICATE FOR THE SALE LAND (CONT'D)

C H Williams Talhar & Wong

C H Williams Talhar & Wong (Sabah) Sdn Bhd (34874-P)

Sale Comparables

Comparable No.	Location	Description	Area (Ha)	Vendor	Purchaser	Date of Transaction	Consideration	Analysis Per Ha
1	Desa Muara Kedang and Muara Gusik, Kecamatan Kutai Barat Kalimantan Timur, Indonesia	Oil Palm Estate	16.062.00	PT REA Kalim Plantations (Vide transfer of 95% equity interest in PT Putra Bongan Jaya)	Kuala Lumpur Kepong Berhad (KLK)	25 April 2018	USD 80,000,000	Rp69,153,000 [RM1 = Rp3,560 as at 25/04/2018]
2	Kabupaten Tapin Provinsi Kalimantan Selatan, Indonesia	Oil Palm Estate	14,461.00	Lee Rubber Company (Pte) Ltd	Asian Indo Holdings (Pte) Ltd	Bursa Announcement dated 18 August 2017	USD94,970,000	Rp93,187,000 [RM1 = Rp3,115 as at 18/08/2017]
3	Matangai Kapuas Barat Dadahup & Kapuas Murung District Kapuas Regency Kalimantan Tengah, Indonesia	Oil Palm Estate	24,935.00	Lincoln Wilshire Investments Ltd	United Malacca Berhad	Bursa Announcement dated 15 December 2015	USD66,400,000	Rp171,418,000 per hectare * [RM1 = Rp3,223 as at 15/12/2015] * over 100 planted area 6,075.91 ha
4	District Beluran Kinabatangan Labuk Sugut, Sabah	Oil Palm Estate	12,144.09	Sit Seng & Sons Realty Sdn Bhd & various others	Boustead Rimba Nilai Sdn Bhd	01 August 2018	Rm307,000,000 Inclusive of 1 palm oil mill	Rp256,665,000 [RM1 = Rp3,584 as at 01/08/2018]
5	District Labuk & Sugut, Sabah	Oil Palm Estate	11,597.31	Pertama Land & Development Sdn Bhd	Boustead Rimba Nilai Sdn Bhd	30 October 2017	RM750,000,000	Rp207,785,000 [RM1 = Rp3,208 as at 30/07/2017]

VALUATION CERTIFICATE FOR THE SALE LAND (CONT'D)

C H Williams Talhar & Wong

C H Williams Talhar & Wong (Sabah) Sdn Bhd (34874-P)

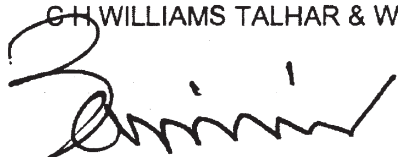
Sale Comparable (cont'd) : Comparables (1) to (3) are located in Kalimantan, Indonesia and these 3 comparables provide a range of values between Rp69,153,000 and Rp171,418,000 per hectare about 3 to 6 years ago. The transacted price of Comparable (2) is inclusive of a 60 MT/hr palm oil mill.

Comparables (4) and (5) are both located in Sabah, Malaysia towards north of Kalimantan. They were transacted about 3 and 4 years ago at about Rp256,665,000 and Rp207,785,000 per hectare, respectively.

As the transacted prices of all the comparables have a huge significant differences in values on per hectare basis and adjustments is difficult, we have not relied on the Comparison Method but only made reference to the sale evidences as a rough guide and range of realiseable/realistic values. The best method of valuation is Investment (discounted cash flow) Method. The valuation from this method is assessed at an average of Rp72,591,000 per hectare which is within the range of all the sale comparables.

Assessment : We assess the Market Value of the registered owner's interests of the Subject Property in the 13,214.90 hectares oil palm plantation, held under HGU Sertipikat Nos. 32, 33, 34, 35, 36, 37 and 38, together with 683.36 hectares 'Uncertified Land' adjoining the plantation situated at Desa Tanah Kuning and Desa Mangkupadi, Kecamatan Tanjung Palas Timur, Kabupaten Bulungan, Provinsi Kalimantan Utara, Indonesia, free from encumbrances, at ***Rp1,008,900,000,000 (Indonesian Rupiah : One Trillion And Eight Billion And Nine Hundred Million Only)*** equivalent to ***RM295,650,000 (Ringgit Malaysia : Two Hundred Ninety Five Million Six Hundred And Fifty Thousand Only)*** (exchange rate of RM1.00 = Rp3,401 the middle rate on 08 December 2021 in the Interbank Foreign Exchange Rates of Bank Negara Malaysia).

Yours faithfully
For and on behalf of
C H WILLIAMS TALHAR & WONG (SABAH) SDN BHD



Sr BENJAMIN MU VI KEN
BSc, MRISM
Registered Valuer V0821

BM/tnl
Encl.

ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board who collectively and individually accepts full responsibility for the accuracy of the information given herein. The Board hereby confirms that, after making all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

All information relating to KIKI and KIPi have been obtained from publicly available documents (where available) and other information provided by the Buyers and the directors/ management of the respective parties. Therefore, the sole responsibility of the Board is restricted to ensure that such information is accurately reproduced in this Circular.

2. CONSENT AND CONFLICT OF INTEREST**2.1 RHB Investment Bank**

RHB Investment Bank, being the Principal Adviser to TSH for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

RHB Investment Bank, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad ("**RHB Bank**"), and the subsidiaries and associated companies of RHB Bank ("**RHB Banking Group**") form a diversified financial group. RHB Banking Group may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, amongst others, brokerage, securities trading, asset and fund management and credit transaction service businesses. RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for the Company and/or its affiliates, in addition to the role as set out in this Circular. RHB Banking Group, its directors and major shareholders may from time to time hold or deal in the securities of the Company and/or its affiliates for their own accounts or their proprietary accounts.

Furthermore, in the ordinary course of business, RHB Banking Group may at any time offer or provide its services or engage in any transactions (whether on its own account or otherwise) with the Company and/or affiliates and/or any other entity or person, hold long or short positions in the securities offered by the Company and/or its affiliates, make investments recommendations and/or publish or express independent research views on such securities and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of the Company and/or its affiliates.

The business of RHB Banking Group generally act independently of each other, and accordingly, there may be situations where parts of RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the said regulations issued by the relevant authorities governing its advisory business, which require, amongst others, segregation between dealing and advisory activities and Chinese Wall between different business divisions.

ADDITIONAL INFORMATION (CONT'D)

As at 30 May 2022, RHB Banking Group had extended credit facilities amounting to RM247.30 million ("**Credit Facilities**") (with an amount of approximately RM63.82 million outstanding) to TSH Group. The Credit Facilities represent approximately 0.88% of the audited consolidated NA of RHB Bank of approximately RM28.00 billion as at 31 December 2021. Furthermore, the equity derivatives department of RHB Investment Bank ("**RHB EQD**") has issued 40,000,000 call warrants which expires on 24 November 2022 ("**Call Warrant**"). The issuance of Call Warrant would expose RHB Investment Bank to the movements in the share price of TSH. RHB Investment Bank has utilised and will continue to utilise the proceeds received from the issuance of Call Warrant for hedging activities that include the purchasing of TSH Shares to mitigate RHB Investment Bank's risk exposure to the Call Warrant. As at 30 May 2022, RHB Investment Bank has purchased TSH Shares amounting to RM0.23 million as part of its hedging activities.

In addition, as at the LPD, RHB Investment Bank is the Principal Adviser, Lead Arranger, Lead Manager and Facility Agent in relation to TSH Sukuk Murabahah Sdn Bhd's ("**TSHSM**") Islamic Commercial Paper Programme of up to RM50.00 million in nominal value ("**ICP Programme**") and Islamic Medium Term Note Programme of up to RM150.00 million in nominal value ("**IMTN Programme**") (collectively referred to as "**Sukuk Murabahah Programmes**"). The Sukuk Murabahah Programmes represents approximately 18.03% of the total borrowings of the TSH Group as at 31 December 2021. The above transaction is in the ordinary course of RHB Investment Bank's investment banking and related financial services.

Notwithstanding the above, RHB Investment Bank is of the opinion that concerns of any potential conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to TSH for the Proposed Disposal is mitigated by the following:

- (a) RHB Investment Bank is a licensed investment bank and its appointment as the Principal Adviser to TSH for the Proposed Disposal is in the ordinary course of its business and RHB Investment Bank does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Principal Adviser to TSH for the Proposed Disposal;
- (b) the Credit Facilities were approved by RHB Banking Group's relevant credit committee and granted on an arm's length basis and is not material when compared to the audited consolidated NA of RHB Bank of approximately RM28.00 billion as at 31 December 2021;
- (c) the issuance of and hedging activities of the Call Warrants by RHB Investment Bank are made on an arm's length basis and the value of the TSH Shares purchased by RHB Investment Bank is not material when compared to the market capitalisation of TSH of approximately RM1.86 billion as at the LPD;
- (d) the hedging activities of RHB EQD are governed by internal limits to manage RHB Banking Group's overall exposure to a particular underlying security where, in this case, RHB EQD can only acquire up to RM30.00 million of TSH Shares ("**Exposure Limit**"). Nevertheless, depending on the market condition and underlying value of TSH Shares, RHB EQD may increase the Exposure Limit subject to the necessary approvals from the Managing Director of RHB Investment Bank, Group Investment Underwriting Committee and/or Board Credit Committee (depending on the amount). Hence, RHB Investment Bank's potential exposure to the movement in price of TSH Shares pursuant to the Call Warrant issued cannot be ascertained at this juncture.

ADDITIONAL INFORMATION (CONT'D)

In any event, based on the Exposure Limit, RHB Investment Bank may only acquire up to approximately 1.61% of TSH's market capitalisation computed as at the LPD, and RHB Banking Group is also governed by other regulatory requirements and its own internal control vis-à-vis exposures to a single counter party;

- (e) the Corporate Finance division of RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, amongst others, the establishment of Chinese Wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations; and
- (f) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and RHB Banking Group's own internal controls which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

As at the LPD, save as disclosed above, RHB Investment Bank confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to TSH for the Proposed Disposal.

2.2 CBRE|WTW

CBRE|WTW, being the Valuer to TSH for the Sale Land in respect of the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion of its name as well as the Valuation Certificate and the extract of the Valuation Report and all references thereto in the form and context in which they appear in this Circular.

CBRE|WTW confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the Valuer to TSH for the Sale Land in respect of the Proposed Disposal.

3. MATERIAL COMMITMENTS

As at the LPD, save as disclosed below, there is no other material commitment incurred or known to be incurred by the Group which may have a material impact on the financial results/position of the Group:

	RM'000
Capital expenditure	
- approved and contracted for	18,076
- approved but not contracted for	41,918
Total	59,994

ADDITIONAL INFORMATION (CONT'D)

4. CONTINGENT LIABILITIES

As at the LPD, save as disclosed below, there is no other contingent liability incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the financial results/position of the Group:

	RM'000
Nominal amount of guarantees given to a financial institution to secure loans for Pembangunan Kebun Kelapa Sawit under plasma schemes	95,142
The total amount of outstanding loans as at the LPD for Pembangunan Kebun Kelapa Sawit under plasma schemes	46,678

5. MATERIAL CONTRACTS

As at the LPD, save as disclosed below, the Group has not entered into any contracts which are or may be material during the 2 years immediately preceding the date of this Circular:

- (i) TSH Global Plantation Pte. Ltd. ("**TGP**") and TSH Oversea Pte. Ltd. ("**TO**") (collectively referred to as the "**Vendors**"), wholly-owned subsidiaries of TSH had respectively on 26 August 2020 entered into conditional sale and purchase agreements with Taiko Plantations Pte. Ltd., an indirect wholly-owned subsidiary of Kuala Lumpur Kepong Berhad for the following proposed disposals by the respective Vendors:
 - (a) Proposed disposal by TGP of 65,700 Seri A shares in PT Farinda Bersaudara ("**FDB**") having a total nominal value of Rp65,700,000,000, which represents 90% of the issued and paid-up Seri A shares in FDB at the date of completion of the proposed disposal; and
 - (b) Proposed disposal by TO of 139,500,000 Seri A shares in PT Teguh Swakarsa Sejahtera ("**TSS**") having a total nominal value of Rp139,500,000,000, which represents 90% of the issued and paid-up Seri A shares in TSS at the date of completion of the proposed disposal,

for a total disposal consideration of USD141,093,732 which comprised the disposal consideration for the disposal of shares in FDB and TSS and the settlement of loans owing by FDB and TSS to the Group (hereinafter collectively referred to as "**the Proposed Disposal of FDB and TSS**").

On 22 June 2021, the Proposed Disposal of FDB and TSS had been terminated as there were conditions precedent that had not been satisfied and had not been waived within the fulfilment period.

ADDITIONAL INFORMATION (CONT'D)

- (ii) TSH and its 2 wholly-owned subsidiaries, namely TSH Palm Products Sdn. Bhd. and TSH Plantation Sdn. Bhd. had on 6 July 2021, entered into the following respective sale and purchase agreements with Sharikat Keratong Sdn. Bhd. ("**SKSB**"):
- (a) Sale and Purchase Agreement between TSH and SKSB for the proposed disposal of the oil palm plantation land measuring approximately 2,489 acres together with all the oil palms, estate office, living quarters/houses, structure, tractors, estate equipment, and furniture thereat, known as Ladang Gomantong, for a cash consideration of RM76 million;
- (b) Sale and Purchase Agreement between TSH Palm Products Sdn. Bhd. and SKSB for the proposed disposal of the oil palm plantation land measuring approximately 4,942 acres together with all the oil palms, estate office, living quarters/houses, structure, tractors, estate equipment, and furniture thereat, known as Ladang Ong Yah Ho, for a cash consideration of RM152 million; and
- (c) Sale and Purchase Agreement between TSH Plantation Sdn. Bhd. and SKSB for the proposed disposal of 1 palm oil mill equipped with plant and machinery, together with furniture, vehicle and heavy machinery known as Lahad Datu Palm Oil Mill for a cash consideration of RM20 million.

The disposals of Ladang Ong Yah Ho and Lahad Datu Palm Oil Mill were completed on 25 March 2022 in accordance with the respective Sale and Purchase Agreements while the disposal of Ladang Gomantong was completed on 6 May 2022.

6. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, the Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of the Group.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's Registered Office at Level 10, Menara TSH, No. 8 Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) Constitution of TSH;
- (ii) audited consolidated financial statements of TSH Group for the past 2 financial years up to the FYE 31 December 2021 and the unaudited consolidated financial statements of TSH Group for the financial period ended 31 March 2022;
- (iii) Valuation Report together with the Valuation Certificate as set out in Appendix II of this Circular;
- (iv) CSPA;
- (v) letter of consent and declaration of conflict of interest referred to in Section 2 above; and
- (vi) material contracts referred to in Section 5 above.



TSH RESOURCES BERHAD

(Registration No. 197901005269 (49548-D))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of TSH Resources Berhad ("**TSH**" or the "**Company**") will be held on a fully virtual basis via the online meeting platform at <https://meeting.boardroomlimited.my/> (Domain Registration No. with MYNIC-D6A357657) on Wednesday, 29 June 2022 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolution by way of poll:

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."

By Order of the Board

Chow Yeen Lee (MAICSA 7047480)
(SSM PC No. 202008001593)
Company Secretary

Kuala Lumpur
7 June 2022

Notes:

1. *The Extraordinary General Meeting ("EGM") of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities provided by Boardroom Share Registrars Sdn. Bhd. Please follow the procedures provided in the Administrative Guide which is available on the Company's website at <https://www.tsh.com.my/investor-relations/shareholders-meeting/> in order to register, attend, participate and vote remotely.*
2. *With the RPEV facilities, you may exercise your right as a member of the Company to attend, participate (including posing questions to the Company) and vote at the EGM. If you are unable to attend, participate and vote, you are strongly encouraged to appoint the Chairman of the meeting as your proxy to attend, participate and vote on your behalf at the EGM.*
3. *Only depositors whose names appear in the Record of Depositors as at 22 June 2022 will be regarded as members and be entitled to attend, participate and vote at the meeting.*
4. *A member of the Company entitled to attend, participate and vote at the meeting is entitled to appoint not more than 2 proxies to attend, participate and vote on his behalf. Where a member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.*
5. *If the Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit and if no names are inserted in the space for the name of proxy, the Chairman of the meeting will act as proxy.*
6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
7. *The instrument appointing a proxy shall be in writing under the hand of the depositor or his attorney duly authorised in writing or if such appointer is a corporation, under its common seal. If you wish to appoint a proxy to attend, participate and vote on your behalf at the EGM, you may deposit the duly completed and signed Proxy Form to the Company's share registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor no later than 48 hours before the time appointed for holding this meeting. For individual shareholder, you may also lodge your Proxy Form electronically through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> by logging in and selecting "E-Proxy Lodgement" no later than 48 hours before the time appointed for holding this meeting.*
8. *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in this Notice of EGM will be put to vote on a poll.*

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate and vote at the EGM, a member of the Company:

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM, and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"),
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

**TSH RESOURCES BERHAD**

(Registration No. 197901005269 (49548-D))
(Incorporated in Malaysia)

PROXY FORM**CDS Account No.:** _____

Contact No : Shareholder : _____
Proxy Holder 1 : _____ Proxy Holder 2 : _____

I/We _____ ^NRIC/Company No. _____
(FULL NAME IN CAPITAL LETTERS)

of _____
(FULL ADDRESS)

being*a member/members of TSH RESOURCES BERHAD hereby appoint _____
(FULL NAME IN CAPITAL LETTERS)

_____ ^NRIC/Company No. _____

Email Address: _____ of _____
(FULL ADDRESS)

and/or ^failing him/her _____ ^NRIC/Passport No. _____
(FULL NAME IN CAPITAL LETTERS)

Email Address: _____ of _____
(FULL ADDRESS)

or failing ^him/her, THE CHAIRMAN OF THE MEETING as ^my/our proxy to attend, participate and vote for ^me/us on ^my/our behalf at the Extraordinary General Meeting of TSH Resources Berhad which will be conducted 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 a.m.

ORDINARY RESOLUTION	FOR	AGAINST
PROPOSED DISPOSAL		

* Please indicate an "X" in the space provided above on how you wish your vote to be casted. Unless voting instruction is indicated in the space above, the proxy will vote or abstain as he/she thinks fit and if no name is inserted in the space for the name of proxy, the Chairman of the meeting will act as proxy.

^ Strike out whichever is inapplicable

Signed on thisday of 2022.

Signature/ Common Seal of Appointer

No. of shares held	Percentage of shareholdings to represented by the proxies	
	No. of shares	Percentage
	Proxy 1	
	Proxy 2	
	Total	100%

Notes:

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- Only depositors whose names appear in the Record of Depositors as at 22 June 2022 will be regarded as members and be entitled to attend, participate and vote at the meeting.
- A member of the Company entitled to attend, participate and vote at the meeting is entitled to appoint not more than 2 proxies to attend, participate and vote on his behalf. Where a member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.



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5. *If the Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit and if no names are inserted in the space for the name of proxy, the Chairman of the meeting will act as proxy.*
6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
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AFFIX
STAMP

The Share Registrar of
TSH RESOURCES BERHAD
[Registration No. 197901005269 (49548-D)]
Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5 Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel No.: +603-7890 4700

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- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM, and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"),
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.