

## TH PLANTATIONS BERHAD

(Company No. 12696-M)  
(Incorporated in Malaysia)

### MINUTES OF THE FORTY-FOURTH ANNUAL GENERAL MEETING ("44th AGM" or "the Meeting") OF TH PLANTATIONS BERHAD ("THP" OR "THE COMPANY") HELD AT THE PACIFIC BALLROOM, LEVEL 2, SERI PACIFIC HOTEL KUALA LUMPUR, JALAN PUTRA, 50746 KUALA LUMPUR ON MONDAY, 14 MAY 2018 AT 10.00 A.M.

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- PRESENT** : **Directors**
1. Tan Sri Dato' Sri Ismee bin Haji Ismail  
*(Deputy Chairman, Non-Independent Non-Executive Director) (Chairman of the Meeting)*
  2. Datuk Seri Johan bin Abdullah  
*(Non-Independent Non-Executive Director)*
  3. Datuk Seri Nurmala binti Abd Rahim  
*(Independent Non-Executive Director)*
  4. Mohd Adzahar bin Abdul Wahid  
*(Independent Non-Executive Director)*
  5. Dato' Sri Amran bin Mat Nor  
*(Independent Non-Executive Director)*
  6. Dato' Dr. Yusop bin Omar  
*(Independent Non-Executive Director)*
  7. Dato' Shari bin Osman  
*(Independent Non-Executive Director)*
  8. Datuk Abdul Shukur bin Haji Idrus  
*(Non-Independent Non-Executive Director)*
  9. *Kolonel Dato' Ab. Jabar bin Mohamad Aris*  
*(Non-Independent Non-Executive Director)*
  10. Dato' Sri Zainal Azwar bin Zainal Aminuddin  
*(Chief Executive Officer/Executive Director) ("CEO")*
- ABSENT WITH APOLOGY** : 1. Tan Sri Dato' Sri Ab. Aziz bin Kasim  
*(Chairman, Independent Non-Executive Director)*
- IN ATTENDANCE** : 1. Mohamed Azman Shah bin Ishak  
*(Chief Financial Officer) ("CFO")*  
2. Aliatun binti Mahmud  
*(Company Secretary)*

## **Shareholders and Proxies**

As per the Attendance List

**BY INVITATION** : As per the Attendance List

### **1. WELCOMING ADDRESS**

Tan Sri Dato' Sri Ismee bin Haji Ismail ("Tan Sri Chairman"), welcomed the shareholders and proxies of THP to the 44th AGM. Tan Sri Chairman then recapped some of the salient points on the performance of the Company in year 2017, amongst others:

- i. The production of FFB and PK had increased as the effects of El-Nino began tapering off and the maturity profile of the Company's oil palm plantation improved.
- ii. The FFB production had increased by 21% from 2016 to 887,015 metric tonnes and THP had produced 193,979 metric tonnes of CPO, an increase of 12% from the previous year.
- iii. THP registered higher revenue of RM689.2 million as compared to 2016. The Company's profit before tax stood at RM86.7 million and net profit at RM50.7 million.
- iv. The Meeting was informed that the Board was confident and would continuously harness the potential of the growing demand in the palm oil sector despite several challenges such as higher import duties, potential ban on palm oil biodiesel for export to the European Union, other trade union barriers by other governments and the shortage of labour nationwide.
- v. The Meeting was further informed that the Company was in the midst of obtaining the Malaysian Sustainable Palm Oil certification, tentatively to be completed ahead of the June 2019 deadline in order to increase the Company's competitiveness and credibility in the palm oil market.

**2. INTRODUCTION OF THP BOARD OF DIRECTORS, COMPANY SECRETARY AND THE CHIEF FINANCIAL OFFICER**

Tan Sri Chairman then introduced the Board members, the Company Secretary and the Chief Financial Officer to the floor.

**3. APOLOGY**

The Meeting was informed that Tan Sri Dato' Sri Ab. Aziz bin Kasim, the Chairman of the Company, was not seeking for re-election as a Director of THP at the 44th AGM and hence was absent. He would retire as an Independent Non-Executive Director of the Company pursuant to Article 84 of the Constitution of the Company at the conclusion the 44th AGM. Accordingly it was **RESOLVED**:

**"THAT** Tan Sri Dato' Sri Ab. Aziz bin Kasim, be hereby retired as a Director of the Company in accordance with Article 84 of the Constitution of the Company, at the conclusion of the 44th Annual General Meeting **AND THAT** the Company Secretary be directed to lodge with the Registrar of Companies the necessary statutory returns relating thereto.

**THAT** the Company Secretary be and is hereby authorised to make the necessary announcement pertaining thereto to Bursa Malaysia Securities Berhad."

The Board of THP then recorded a vote of thanks to him for all his invaluable contribution to the Company during his tenure and wish him all success.

**4. QUORUM**

The Company Secretary confirmed that there was sufficient quorum in accordance with Article 62 of the Company's Constitution. Following the requisite quorum being present, Tan Sri Chairman declared the Meeting duly convened.

Proxies for 729,626,130 shares, representing 82.55% of the total shareholdings of the Company have been received from the shareholders within the prescribed period.

## **5. NOTICE OF MEETING**

On the proposal of Tan Sri Chairman, and seconded by Fadzil bin Abdullah the notice convening the Meeting as set out on pages 232 to 233 of the Company's 2017 Annual Report, which was sent to the shareholders on 20 April 2018, was taken as read.

Tan Sri Chairman informed the shareholders and proxies that the voting of all motions at the 44th AGM would be conducted by poll through electronic voting ("e-Polling") pursuant to paragraph 8.29(A) of the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad.

Tan Sri Chairman further informed that THP had appointed the Company's Share Registrar i.e. Symphony Share Registrars Sdn. Bhd. ("Symphony") as the Poll Administrator and Symphony Corporatehouse Sdn. Bhd. ("Corporatehouse") as an Independent Scrutineer to verify the results of the poll.

The Meeting was further informed that the e-Polling process would commence upon completion of the deliberation of all resolutions of the 44th AGM. Symphony would explain on the e-Polling process that would take place later.

## **6. LETTER FROM MINORITY SHAREHOLDER WATCHDOG GROUP**

Tan Sri Chairman informed that the Company had on 4 May 2018, received a letter from the Minority Shareholder Watchdog Group ("MSWG") raising several points to be addressed at the Meeting. THP's response to the points raised by MSWG were answered by THP's Chief Executive Officer, Dato' Sri Zainal Azwar bin Zainal Aminuddin ("CEO").

The response by the Company to MSWG were also highlighted on a projector to the shareholders and proxies and attached herein as per **APPENDIX 1**.

**7. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 TOGETHER WITH THE REPORTS OF DIRECTORS AND AUDITORS THEREON**

Tan Sri Chairman explained that the Audited Financial Statements and the Reports of Directors and Auditors for the financial year ended 31 December 2017 ("AFS 2017") was meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act, 2016 ("the Act") did not require shareholders' approval for the AFS 2017. As such, no resolution was required to be put to the shareholders for voting.

However, the floor was informed that the Board was pleased to answer all questions raised in relation to the AFS 2017. The AFS 2017 were tabled for discussion.

In summary, the questions/comments raised by the shareholders and proxies and the response provided by the CEO and CFO were as follows:

- Q1 : As stated in the Key Audit Matters on page 214 of the Annual Report 2017, there were estates that had yet to be declared as matured even though the age of these estates ranged between 48 months to 72 months. What were the reasons for the delay?
- A1 : *The CFO explained that the estates that had yet to be declared matured were located in Terengganu and Sarawak. They experienced flooding almost every year and also experienced fire breakouts. These two (2) estates were consistently being rehabilitated. As these two (2) estates were not yet ready for its intended use, their maturity period had been extended.*
- Q2 : The dividend payout of the Company for FYE2017 was at 3.6 sen. What would be the formula to calculate the dividend?
- A2 : *The CFO explained that the dividend would be declared based on the Company's policy i.e. 50% of the Group's Profit After Tax After Minority Interest ("PATAMI"). The dividend payout of 3.6 sen consisted of an interim dividend of 1.6 sen and the proposed final dividend of 2.0 sen. This dividend payout was higher than the Company's policy i.e. at 86.63% of PATAMI.*

Q3 : Where would THP be as compared to the other plantation companies and the industry in terms of the maturity profile and the CPO selling price respectively?

A3 : *The CEO explained that previously the maturity profile of the Company was not good whereby the mature areas were low and 12% of the Company's total areas were old palms. However due to a scheduled replanting programmes, the age profile of the Company has improved and the percentage of old palms had been reduced from 12% to 3% as compared to other plantation companies where their old palms were more than 25% of the company's total areas. With the good maturity profile, THP would be in a better position in the coming years.*

*In respect of the CPO selling price, the CEO explained that there were two types of CPO selling price i.e. traded price and realised price. For traded price of CPO, THP would always benchmark with MPOB's price and it would not include tax. However for realised price of CPO it would be deducted with tax and discount. The CFO added that 50% of the plantation areas of the Group were located in Sarawak. Therefore after taking into consideration the respective taxes, the average CPO price would be lower.*

Q4 : What would be the reason for the earning per share ("EPS") of the Company to be lower but the gross profit higher?

A4 : *The CFO explained that the EPS was lower due to the higher deferred tax recognised in 2017.*

Q5 : Why there was an errata made on the net tangible assets ("NTA") i.e. from 0.80 sen to 1.56 sen?

A5 : *The CFO explained that there were two (2) items that were mistakenly reported in the Annual Report 2017. First was the NTA which was mistakenly calculated i.e. net assets that should have been divided with the number of shares was divided with the value of shares in Ringgit Malaysia.*

*Second, on the dividend payout, i.e. for 2017 it should be stated as 3.6 sen instead of 2 sen.*

Q6 : On page 36 of the Annual Report 2017, THP had a biomass residue. What would it produce and what would be the purpose?

A6 : *The CEO informed that the biomass residue is a by-product of FFB process, whereby the types of biomass residue produced by THP would be empty fruit bunches, shells and fibres. These biomass residue would be recycled back to the estates and re-used as organic fertilizer, a source of fuel for the boiler system etc. Currently, THP has yet to have a biomass plant. The utilization of biomass residue would narrow the gap of THP in achieving its sustainability agenda.*

Q7 : It was noted that all Directors of THP except for Dato' Sri Zainal Azwar bin Zainal Aminuddin did not hold any shares of THP. What would be the reason?

A7 : *Tan Sri Chairman responded that the main reason that most of the Directors of THP did not hold any shares in THP was to avoid any conflict of interest and not because of the lack of confidence in the Company. However, the Board took note on the concern raised.*

Q8 : Would there be any plan to increase the number of women directors in the Company?

A8 : *Tan Sri Chairman informed that there would be a reformation on the composition of the Board of Directors of THP and that included women participation on the Board.*

Q9 : Is the share price of THP becoming lower due to the banned of oil palm by the European Union?

A9 : *The CEO was of the opinion that the low share price of THP was not due to the ban by the EU. He explained that generally most of the share prices of the plantation counters were declining and admitted that THP was the most significantly affected. To overcome the problem, THP would be conducting a few corporate exercises to boost the share price of THP amongst others, looking at share buy-back.*

Q10 : What would be the reason for the cost of sales of the Company to increase more than 10%?

A10 : *The CFO explained that every year the Company would declare approximately 3,000 to 4,000 hectares of mature areas. The average yield production for first year harvesting for these new mature areas would be low between 13.00 metric tonne to 15.00 metric tonne and the average production cost would be higher between RM380 to RM400 per metric tonne. Therefore this would lead to an increase in the cost of sales.*

Q11 : What would be the breakdown of revenue for Sabah, Sarawak and Semenanjung Malaysia?

A11 : *The CFO informed that 30% of revenue of THP was contributed from the estates located in Sabah, 50% from the estates in Sarawak and 20% from the estates located in Semenanjung Malaysia and none from THP's estates in Indonesia.*

Q12 : A representative from MSWG enquired on the income from management fees amounting to RM1.23 million that had not been disclosed as part of the income of the Company but had been disclosed in the note for Related Parties. She further asked on the reasons for the decline of income from management fees from RM4.90 million which was registered in 2016 to RM1.23 million for 2017.

A12 : *The CFO explained that the income from management fees had been disclosed as part of the income from Related Party because the management services provided for the Group was not undertaken by THP but was undertaken by a wholly-owned subsidiary of THP, namely THP Agro Management Services Sdn. Bhd.*

*In relation to the declining of income from management fees for 2016 as compared to 2017, the CFO explained that the fees charged to the subsidiary(ies) would depend on the activities incurred during the year. For 2016, there were a lot of opening of new areas therefore the fees charged to the subsidiary(ies) by THPAM was higher as compared to 2017 where the fees charged were mainly for maintenance of the estates.*



Q13 : The representative from MSWG further asked on the details of the profit margin expenses amounting to RM60 million.

A13 : *The CFO explained that the profit margin expenses were the expenses being charged by THP Suria Mekar Sdn. Bhd. ("Suria Mekar") (a special purpose vehicle and a wholly-owned subsidiary of THP) to the subsidiaries of THP for issuance of SUKUK with Lembaga Tabung Haji ('TH'). At Suria Mekar level, it was recognized as profit margin income.*

There were also number of comments as well as request by the shareholders, amongst others, as follows:

- i. A shareholder raised concern on the number of the Board of Directors of the Company i.e. 11 members which according to him was too big for THP, a medium sized plantation company as compared to conglomerate companies such as Sime Darby and Boustead which only have 6 to 8 directors. He suggested that **TH** being the majority shareholder of THP, review the composition of the Board of Directors of THP.

The Board took note of the comment.

- ii. A shareholder commented that the points raised by the MSWG together with the Management's response to it be circulated to the shareholders for information.

The Board took note of the request and informed that it would be uploaded in the Company's website for public consumption.

- iii. A shareholder commented that for better understanding and transparency, it would be good that there should be explanatory notes for items "Other Income" and "Other Expenses" as shown in the "Statement of Profit or Loss and Other Comprehensive Income".

The Board took note of the comment.

- iv. There was a comment from a shareholder that even though the gearing ratio of the Company was very high, the Company still declared higher dividend to the shareholders. She was of the opinion that the share price of the Company was becoming lower due to the performance of the Company i.e. the debt level was high. She added that Company should reserve the cash for the purpose to pare down the loan and should not give higher dividend to the shareholders.

The Board took note of the comment.

- v. In relation to Note 28: Operating Segments, a shareholder was of the opinion that the presentation format was not user friendly. Therefore, he requested that the Company and/or KPMG provide a more user friendly format in the next reporting for easy reference.

The Board took note of the comment.

- vi. A representative from MSWG commented that the Minutes of the 43<sup>rd</sup> AGM of the Company which was uploaded in the Company's website was only a summary version. She suggested that the minutes of the AGM of the Company moving forward to include key matters discussed in the AGM.

The Board took note of the comment.

After closing the questions from the floor, Tan Sri Chairman later thanked the Meeting and hoped that all questions had been adequately addressed. Tan Sri Chairman then informed that the Company's Audited Financial Statements for the financial year ended 31 December 2017 and the Reports of Directors and Auditors had in accordance with the Act, been properly laid and received.

**8. ORDINARY RESOLUTION 1**  
**TO APPROVE THE FINAL SINGLE TIER DIVIDEND OF 2 SEN PER**  
**ORDINARY SHARE FOR THE YEAR ENDED 31 DECEMBER 2017**

The resolution to approve the Final Single Tier Dividend of 2.00 sen per ordinary share for the year ended 31 December 2017 was tabled. The dividend payment would be made on 4 June 2018 to shareholders whose names appeared in the Record of Depositors at the close of business on 18 May 2018.

Mohd Azhari bin Ismail proposed that Ordinary Resolution 1 be put to motion and Fadzil bin Abdullah seconded the motion.

Tan Sri Chairman informed that the Ordinary Resolution 1 would be put to vote by poll upon completion of the remaining businesses of the 44th AGM.

**9. ORDINARY RESOLUTION 2**  
**TO APPROVE THE DIRECTORS' FEES AND BENEFITS PAYABLE FOR**  
**THE YEAR ENDED 31 DECEMBER 2017**

The resolution to approve the Directors' Fees and Benefits Payable amounting to RM1,146,000.00 for the year ended 31 December 2017 was tabled.

Ahmad bin Ibrahim proposed that the Ordinary Resolution 2 be put to motion and Fadzil bin Abdullah seconded the motion.

Tan Sri Chairman informed that the Ordinary Resolution 2 would be put to vote by poll upon completion of the remaining businesses of the 44th AGM.

**10. ORDINARY RESOLUTION 3**  
**TO APPROVE THE DIRECTORS' FEES AND BENEFITS PAYABLE FOR**  
**THE PERIOD FROM 1 JANUARY 2018 UNTIL THE NEXT ANNUAL**  
**GENERAL MEETING**

The resolution to approve the Directors' Fees and Benefits amounting to RM1,796,000.00 payable for the period from 1 January 2018 until the next Annual General Meeting of the Company tentatively to be held on May 2019 was tabled.

Ahmad bin Ibrahim proposed that the Ordinary Resolution 3 be put to motion and Mohamad Nasir bin Mohamad Shari seconded the motion.

Tan Sri Chairman informed that the Ordinary Resolution 3 would be put to vote by poll upon completion of the remaining businesses of the 44th AGM.

**11. ORDINARY RESOLUTION 4**  
**RE-ELECTION OF TAN SRI DATO' SRI ISMEE BIN HAJI ISMAIL**  
**RETIRING UNDER ARTICLE 84**

At this juncture, with full consent from the members, Dato' Sri Zainal Azwar bin Zainal Aminuddin took the chair.

Dato' Sri Zainal Azwar bin Zainal Aminuddin informed the Meeting that Resolution 4 was on the re-election of Tan Sri Dato' Sri Ismee bin Haji Ismail who retired by rotation pursuant to Article 84 of the Company's Articles of Association and had offered himself for re-election.

Mohamed Heikal bin Mohamed Yusuff proposed that the Ordinary Resolution 4 be put to motion and Fadzil bin Abdullah seconded the motion.

Dato' Sri Zainal Azwar bin Zainal Aminuddin informed that the Ordinary Resolution 4 would be put to vote by poll upon completion of the remaining businesses of the 44th AGM.

Upon completion of the above resolution, the chair was returned to Tan Sri Chairman.

**12. ORDINARY RESOLUTION 5**  
**RE-ELECTION OF DATUK SERI NURMALA BINTI ABD RAHIM**  
**RETIRING UNDER ARTICLE 84**

The resolution to re-elect Datuk Seri Nurmala binti Abd Rahim who retired pursuant to Article 84 of the Company's Constitution was tabled.

Mohamad Nasir bin Mohamad Shari proposed that the Ordinary Resolution 5 be put to motion and Dato' Abd Rashid bin Sahibjan seconded the motion.

Tan Sri Chairman informed that the Ordinary Resolution 5 would be put to vote by poll upon completion of the remaining businesses of the 44th AGM.

**13. ORDINARY RESOLUTION 6**  
**RE-ELECTION OF ENCIK MOHD ADZAHAR BIN ABDUL WAHID**  
**RETIRING UNDER ARTICLE 89**

The resolution to re-elect Encik Mohd Adzahar bin Abdul Wahid who retired pursuant to Article 89 of the Company's Constitution was tabled.

Mohamed Heikal bin Mohamed Yusuff proposed that the Ordinary Resolution 6 be put to motion and Ir. Ramli bin Mohd Tahar seconded the motion.

Tan Sri Chairman informed that the Ordinary Resolution 6 would be put to vote by poll upon completion of the remaining businesses of the 44th AGM.

**14. ORDINARY RESOLUTION 7 AND 8**  
**RE-ELECTION OF DATUK ABDUL SHUKUR BIN HAJI IDRUS AND**  
**KOLONEL DATO' AB JABAR BIN MOHAMAD ARIS RETIRING UNDER**  
**ARTICLE 89**

The resolutions to re-elect Datuk Abdul Shukur bin Haji Idrus and Kolonel Dato' Ab. Jabar bin Mohamad Aris who retired pursuant to Article 89 of the Company's Constitution were tabled.

The Meeting was informed that the Company had received letters from Datuk Abdul Shukur bin Haji Idrus and Kolonel Dato' Ab. Jabar bin Mohamad Aris not seeking for re-election as Directors of the Company. Accordingly, both Resolutions No. 7 and 8 were withdrawn from voting. It was **RESOLVED**:

**"THAT** Datuk Abdul Shukur bin Haji Idrus and Kolonel Dato' Ab. Jabar bin Mohamad Aris, be hereby retired as Directors of the Company in accordance with Article 89 of the Constitution of the Company at the conclusion of the 44th Annual General Meeting **AND THAT** the Company Secretary be directed to lodge with the Registrar of Companies the necessary statutory returns relating thereto.

**THAT** the Company Secretary be and is hereby authorised to make the necessary announcement pertaining thereto to Bursa Malaysia Securities Berhad."

The Board of THP then recorded a vote of thanks to both of them and wish them all success.

**15. ORDINARY RESOLUTION 9**  
**RE-APPOINTMENT OF MESSRS KPMG DESA MEGAT PLT**

The resolution on the re-appointment of the retiring Auditors, KPMG Desa Megat PLT ("KPMG"), to act as Auditors of the Company, to hold office until the conclusion of the next AGM and to authorize the Directors to fix their remuneration was tabled.

The Meeting was informed that KPMG had indicated their willingness to continue in office as Auditors of the Company for the financial year ending 31 December 2018.

Mohamed Heikal bin Mohamed Yusuff proposed that the Ordinary Resolution 9 be put to motion and Fadzil bin Abdullah seconded the motion.

Tan Sri Chairman informed that the Ordinary Resolution 9 would be put to vote by poll upon completion of the remaining businesses of the 44th AGM.

**16. ORDINARY RESOLUTION 10**  
**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The resolution on the proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading in nature ("RRPTs") was tabled.

The details of the proposed renewal of existing shareholders' mandate for RRPTs was elaborated in the Circular to Shareholders dated 20 April 2018 which was despatched together with the Annual Report 2017.

The Meeting was informed that the interested directors to the RRPTs namely, Datuk Seri Johan bin Abdullah and Dato' Sri Zainal Azwar bin Zainal Aminuddin had abstained at Board level deliberation and would continue to abstain from voting at the 44th AGM. The Interested Directors had ensured that any persons connected to them would also abstain from voting at the 44th AGM.

The interested major shareholder, Lembaga Tabung Haji, would also abstain and had ensured that any persons connected to Lembaga Tabung Haji too would abstain from voting at the 44th AGM.

Fadzil bin Abdullah proposed that the Ordinary Resolution 10 be put to motion and Ir. Ramli bin Tahar seconded the motion.

Tan Sri Chairman informed that the Ordinary Resolution 10 would be put to vote by poll upon completion of the remaining businesses of the 44th AGM.

## **17. e-POLLING PROCESS**

After all the businesses of the Meeting had been dealt with, Tan Sri Chairman then invited Symphony Share Registrars to explain the procedures for e-Polling. Upon completion, Symphony handed over the proceedings to Tan Sri Chairman.

Tan Sri Chairman then announced that the e-Polling process would commence as demanded and that the 44th AGM be adjourned for approximately 30 minutes for the e-Polling.

## **18. ANNOUNCEMENT OF POLL RESULTS**

The Meeting then resumed at 1.10 pm. The poll results were compiled and verified by Symphony and Corporatehouse and were later highlighted on a projector. Tan Sri Chairman announced the poll results as follows:

### **18.1 Ordinary Resolution 1 – To Approve The Final Single Tier Dividend Of 2 Sen Per Ordinary Share For The Year Ended 31 December 2017**

	<u>Number of Shares</u>	<u>Percentage</u>
Voted FOR	723,558,018	100.0000
Voted AGAINST	0	0
Total	<u>723,558,018</u>	<u>100.0000</u>

Abstained: NONE

It was **RESOLVED THAT** a Final Single Tier Dividend of 2 sen per Ordinary Share for year ended 31 December 2017 be hereby approved.

18.2 Ordinary Resolution 2 –  
To Approve The Directors’ Fees And Benefits Payable For The Year  
Ended 31 December 2017

	<u>Number of Shares</u>	<u>Percentage</u>
Voted FOR	723,495,018	99.9920
Voted AGAINST	58,200	0.0080
Total	<u>723,553,218</u>	<u>100.0000</u>

Abstained: 4,800 shares

It was **RESOLVED THAT** the payment of the Directors’ Fees and Benefits of RM1,146,000.00 payable for year ended 31 December 2017 be hereby approved.

18.3 Ordinary Resolution 3 –  
To Approve The Directors’ Fees And Benefits Payable For The Period  
From 1 January 2018 Until The Next Annual General Meeting

	<u>Number of Shares</u>	<u>Percentage</u>
Voted FOR	658,275,018	90.9787
Voted AGAINST	65,273,800	9.0213
Total	<u>723,548,818</u>	<u>100.0000</u>

Abstained: 9,200 shares

It was **RESOLVED THAT** the payment of the Directors’ Fees and Benefits amounting to RM1,796,000.00 payable for the period from 1 January 2018 until the next Annual General Meeting of the Company be hereby approved.

18.4 Ordinary Resolution 4 –  
Re-Election Of Tan Sri Dato’ Sri Ismee Bin Haji Ismail Retiring Under  
Article 84

	<u>Number of Shares</u>	<u>Percentage</u>
Voted FOR	723,557,678	100.0000
Voted AGAINST	240	0
Total	<u>723,557,918</u>	<u>100.0000</u>



Abstained: 100 shares

It was **RESOLVED THAT** Tan Sri Dato' Sri Ismee bin Haji Ismail who retired pursuant to Article 84 of the Constitution of the Company be hereby re-elected to the Board.

18.5 Ordinary Resolution 5 –  
Re-Election Of Datuk Seri Nurmala binti Abd Rahim Retiring Under Article 84

	<u>Number of Shares</u>	<u>Percentage</u>
Voted FOR	723,543,918	99.9981
Voted AGAINST	14,000	0.0019
Total	<u>723,557,918</u>	<u>100.0000</u>

Abstained: 100 shares

It was **RESOLVED THAT** Datuk Seri Nurmala binti Abd Rahim who retired pursuant to Article 84 of the Constitution of the Company be hereby re-elected to the Board.

18.6 Ordinary Resolution 6 –  
Re-Election Of Encik Mohd Adzahar bin Abdul Wahid Retiring Under Article 89

	<u>Number of Shares</u>	<u>Percentage</u>
Voted FOR	723,544,018	99.9981
Voted AGAINST	14,000	0.0019
Total	<u>723,558,018</u>	<u>100.0000</u>

Abstained: None

It was **RESOLVED THAT** Encik Mohd Adzahar bin Abdul Wahid who retired pursuant to Article 89 of the Constitution of the Company be hereby re-elected to the Board.

18.7 Ordinary Resolution 9 –  
Re-Appointment Of Messrs KPMG Desa Megat PLT

	<u>Number of Shares</u>	<u>Percentage</u>
Voted FOR	723,552,518	99.9992
Voted AGAINST	5,500	0.0008
Total	<u>723,558,018</u>	<u>100.0000</u>

Abstained: None

It was **RESOLVED THAT** the retiring Auditors, KPMG Desa Megat PLT be hereby re-appointed as Auditors of the Company for the ensuing year and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Board of Directors.

18.8 Ordinary Resolution 10 –  
Proposed Renewal Of Existing Shareholders’ Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature

	<u>Number of Shares</u>	<u>Percentage</u>
Voted FOR	70,958,587	100.0000
Voted AGAINST	0	0
Total	<u>70,958,587</u>	<u>100.0000</u>

Abstained: 652,599,431 shares

It was **RESOLVED THAT**, subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be hereby given for the renewal of the Shareholders’ Mandate for the Company and/or its Subsidiaries to enter into existing recurrent related party transactions of a revenue or trading nature as set out in Section 2.4.1 of the Circular to Shareholders dated 20 April 2018 with the related parties described therein provided that such transactions are necessary for the Group’s day-to-day operations, carried out in the normal course of business, at arm’s length, on normal commercial terms, not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders;

**AND THAT** such approval granted shall take effect immediately upon passing of this Resolution and shall continue to be in force until:

- i. the conclusion of the next AGM of the Company following the forthcoming AGM at which such mandate is approved, at which time it will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;
- ii. the expiration of the period within which the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 340(2) of the Companies Act, 2016, (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or
- iii. revoked or varied by a resolution passed by the shareholders in a general meeting;

whichever is the earlier.

**AND THAT** the Directors of the Company and/or its Subsidiaries be and are hereby authorised to do all such acts and things as may be necessary in the best interest of the Company to give full effect to the Recurrent Related Party Transactions as authorised by this Resolution.”

## **19. CLOSURE OF THE MEETING**

Tan Sri Chairman thanked all the shareholders and proxies present at the 44th AGM and declared the 44th AGM as ended at 1.15 pm.

## **CONFIRMED AS A CORRECT RECORD OF THE PROCEEDINGS THEREAT**

Signed

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**MOHD ADZAHAR BIN ABDUL WAHID**

Date: 29 August 2018

## APPENDIX 1

### A. Strategic and Financial Matters

1. As stated in the Management Discussion and Analysis (MD&A) on Page 14 of the Annual Report, the Company had identified some non-core, non-strategic assets for disposal as part of the de-gearing exercise to reduce the gearing to a more manageable level.

The Group's net-debt-to-equity ratio as at 31 December 2017 was 66% as shown on Page 204 of the Annual Report 2017. What would be the gearing ratio target to be achieved from the de-gearing exercise?

***The gearing ratio target for the Company would be 50% by the end of 1HFY2019.***

2. As reported on page 12 of the Annual Report, the Group had instituted a structured replanting programme in 2013 to optimise the average age and yield potential of the palms. The target was to reduce the composition of the palms aging more than 25 years to less than 5% at all times.
  - a. Could the Board provide the average age profile of the palms for 2013 to 2017?

***The average age of the Group's palms between 2012 and 2017 were as follows:***

***2012: 11 years***

***2013: 9 years***

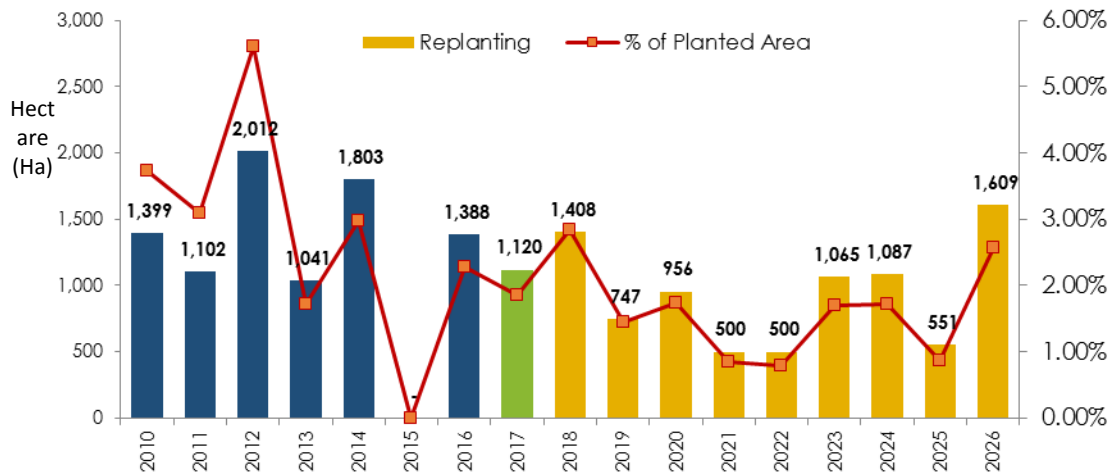
***2014: 9 years***

***2015: 9 years***

***2016: 10 years***

***2017: 10 years***

- b. What was the hectareage earmarked for replanting annually under the programme and what was the annual budget allocated for the replanting programme?



***The annual budget depends on the hectareage of the replanting programme. For FY2012 to FY2017, the Group's average annual replanting cost was RM30 million.***

- c. What was the percentage of palms aged more than 25 years and what was the time frame to reduce the target percentage to less than 5%?

***As at 31 December 2017, only 3% of the Group's total planted oil palm area were aged 25 years or more. Going forward, with the structured replanting programme in place, the Group would be able to maintain the percentage of old palms at 5% or less at all times.***

3. As disclosed in Note 7 to the Financial Statements on Page 153 of the Annual Report 2017, the Company had advanced RM78.253 million to a subsidiary in FYE2017.

- a. To which subsidiary was the advance given?

***The advance was given to PT Persada Kencana Prima in Kalimantan Utara, Indonesia.***

- b. How would the subsidiary utilise the advance received?

***The advance would be utilised to develop approximately 7,000 hectares of its land bank. 3,500 ha would be expected to be fully planted by end of 2018.***

- c. Please share on the financial performance and outlook of the subsidiary concerned.

***The subsidiary was still at its infancy stage and had not registered any revenue as at 2017. Based on projected cash flows, the subsidiary would start seeing a turnover from 2020 onwards.***

4. Note 24 to the Financial Statements shows an impairment loss of RM11.20 million on Other Receivables.

- a. Could the Board provide the details of the Other Receivables in respect of which the Impairment Loss was incurred?

***The impairment loss was made up of income from management fees (from PT TH Indo Plantations (Indonesia) ("PT. THIP") of RM4.7 million) and payables by TH Bakti Sdn. Bhd ("Bakti") of RM6.25 million.***

- b. What were the measures taken to recover the receivables concerned and the amount recovered to-date or expected to be recovered?

*i. Management fees – PT.THIP was located in Indonesia. It would be costly and time consuming to pursue legal action to recover the outstanding amount. To be prudent, the Board had decided to make a full provision on this.*

*ii. Payables by Bakti - The Board had decided to pursue with legal action and made full provision.*

- c. Would there be any further impairment anticipated in FYE2018?

***There would not be any further impairment in 2018.***

## **B. Corporate Governance**

1. Practice 3.1 of the Malaysian Code on Corporate Governance (MCCG) requires the Board to establish a Code of Conduct and Ethics for the Company which should articulate acceptable practices and guide the behaviour of directors, management and employees in accordance with the Guidance 3.1 of the Code. As reported in the CG report, the Board had established a Code of Conduct and Ethics for the Directors.

Is there a Code of Conduct & Ethics established for the management and employees of the Company?

***As of now, there was none. However, the Group were in the midst of preparing the Code of Conduct and Ethics for the Management and Employees of the Company.***

2. The Company in its Corporate Governance Report has stated that it has adopted the Step Up 4.3 of the MCCG which requires the Board to have a 9-year tenure limit policy for its independent directors. In Paragraph 5(c)(iii) and 5(c)(iv) of the Company's Board Charter, it is stated that the tenure for an independent director to serve on the Board is nine (9) years on a cumulative basis and an Independent Director who has served the

Board for nine (9) cumulative years may continue to serve the Board in the capacity of a Non-Independent Director.

However, we noted that in Paragraph 5(c)(v) of the Company's Board Charter, it was stated that "Should the Board decide to retain the Director as an Independent Director ("INED") after a cumulative term on nine (9) years, it shall make recommendations and provide strong justifications to the shareholders and seek their approval at a General Meeting. This is contrary to Step Up 4.3 which does not provide for an extension of tenure beyond the 9-year tenure of the INEDs. We hope the Board would take note of this.

***The Board thanks the MSWG for highlighting this point and takes note of the point raised.***

3. The Company in its Corporate Governance Report has stated that it has applied Practice 12.3 of MCCG. Practice 12.3 refers to facilitating or providing a platform for shareholders to vote and participate at the General Meeting without being physically present at the Company's AGM. Based on the Company's explanation that "shareholders are encouraged to fill out proxy forms should they not be able to attend personally" given on the application of Practice 12.3, we wish to highlight that the Company has not fully applied this Practice.

We hope the Board would take note of this.

***The Board thanks the MSWG for highlighting this point and takes note of the point raised.***

4. We noted that Tan Sri Dato' Sri Ab Aziz bin Kasim and Datuk Seri Johan bin Abdullah had attended only 3 out of 6 Board Meetings (50%).

Please share with shareholders the reasons for their inability to attend all the Board meetings given that the board meetings for the ensuing financial year are scheduled before the end of the current financial year, as stated on Page 78 of the Annual Report 2017.

***The Board wishes to inform the shareholders that both Tan Sri Dato' Sri Ab Aziz bin Kasim and Datuk Seri Johan bin Abdullah were unable to secure full attendance at the Board of Directors'***



***Meeting of the Company due to the following reasons:***

**i. Tan Sri Dato' Sri Ab Aziz bin Kasim**

***Tan Sri has been undergoing haemodialysis treatment three times a week since early last year. Due to his health condition, he had opted not to seek for re-election at the 44<sup>th</sup> AGM.***

**ii. Datuk Seri Johan bin Abdullah**

***On one occasion, Datuk Seri Johan had to accompany the Minister in charge of TH's affairs for a business trip overseas. On another, he was on medical leave for a knee surgery.***