

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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 any 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**

**PART A**

**STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF THE  
AUTHORITY FOR SHARE BUY-BACK**

**PART B**

**LETTER TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF THE EXISTING  
SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A  
REVENUE OR TRADING NATURE**

The Resolutions in respect of the above proposals will be tabled as Special Business at the Forty-First Annual General Meeting (“**41<sup>st</sup> AGM**”) of the Company. The 41<sup>st</sup> AGM of the Company will be conducted fully virtual through live streaming and online remote voting via Remote Participation and Electronic Voting facilities.

The venue of the 41<sup>st</sup> AGM (“**Broadcast Venue**”) is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which stipulates that the Chairman shall be at the main venue of the AGM. **SHAREHOLDERS/PROXIES/CORPORATE REPRESENTATIVES ARE NOT ALLOWED** to be physically present at the Broadcast Venue. The notice of the 41<sup>st</sup> AGM together with the Form of Proxy, Administrative Guide and this Circular are available on the Company’s website at <https://www.tsh.com.my/agm-2021/>. Please follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely.

A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than 2 proxies to attend and vote in his stead. 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 and vote on your behalf at the 41<sup>st</sup> AGM, you may deposit the duly completed and signed Form of Proxy to the Company’s share registrar, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11<sup>th</sup> 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 or adjourned meeting. For individual shareholder, you may lodge your Form of Proxy electronically through Boardroom Smart Investor Portal at <https://boardroomlimited.my>.

Last date and time for lodging the Form of Proxy : Tuesday on 18 May 2021 at 10.00 a.m.

Date and time of the 41<sup>st</sup> AGM : Thursday on 20 May 2021 at 10.00 a.m.

This Circular is dated 21 April 2021

## DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this Circular:

“Act”	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
“AGM”	:	Annual General Meeting
“Board”	:	The Board of Directors of TSH
“Bursa Depository”	:	Bursa Malaysia Depository Sdn. Bhd.
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Director(s)”	:	The directors of TSH, and shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and for the purpose of the Proposed Renewal of the Existing Shareholders’ Mandate, includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director of TSH or any other company which is its subsidiary or holding company or a chief executive officer of TSH, its subsidiary or holding company
“EPS”	:	Earnings per share
“Existing Shareholders’ Mandate”	:	The Shareholders’ Mandate for TSH Group to enter into Recurrent Related Party Transactions of a revenue or trading nature with the Related Parties for which approval from the shareholders was obtained during the 40 <sup>th</sup> AGM held on 3 August 2020
“Listing Requirements”	:	The Bursa Securities Main Market Listing Requirements including any amendments to the same that may be made from time to time
“Major Shareholder”	:	A person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares is:-  (a) 10% or more of the total number of voting shares in the Company; or  (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company.  For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Companies Act 2016 and for the purpose of the Proposed Renewal of the Existing Shareholders’ Mandate, includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of TSH or its subsidiaries or holding company
“NA”	:	Net assets attributable to ordinary equity holders of TSH
“Prevailing Laws”	:	Any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities including but not limited to the Listing Requirements
“Proposed Renewal of the Authority for Share Buy-Back” or “Proposed Share Buy-Back”	:	Proposal to enable TSH to purchase and hold its own shares of up to ten percent (10%) of its issued share capital
“Proposed Renewal of the Existing Shareholders’ Mandate”	:	Proposed Renewal of the Existing Shareholders’ Mandate for which approval from the shareholders is being sought at the forthcoming AGM
“Purchased Shares”	:	TSH Shares purchased pursuant to the Proposed Share Buy-Back
“Related Party(ies)”	:	A Director, Major Shareholder or person connected with such Director or Major Shareholder
“Recurrent Transactions” or “Recurrent Related Party	:	Related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for TSH Group’s day-to-day operations

Transactions”	and are in the ordinary course of business of the TSH Group
“RM” and “sen”	: Ringgit Malaysia and sen respectively
“Rules”	: Rules on Take-Overs, Mergers and Compulsory Acquisitions 2016 as amended from time to time and any re-enactment thereof
“Substantial Shareholders”	: Meaning given in Section 136 of the Act
“TSH” or “the Company”	: TSH Resources Berhad
“TSH Group” and “the Group”	: TSH and its subsidiaries
“TSH Shares” or “shares”	: Ordinary shares in TSH

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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## **PART B**

### **LETTER TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE CONTAINING:-**

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**PART A**

**STATEMENT TO SHAREHOLDERS IN RELATION TO THE  
PROPOSED RENEWAL OF THE AUTHORITY FOR SHARE BUY-BACK**



## **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

21 April 2021

### **Board of Directors:-**

Datuk (Dr.) 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 : The Shareholders of TSH**

Dear Sir/Madam

### **PROPOSED RENEWAL OF THE AUTHORITY FOR SHARE BUY-BACK**

#### **1. INTRODUCTION**

At the Company's 40<sup>th</sup> AGM held on 3 August 2020, your Board had obtained your approval for the Directors to purchase and hold its own shares of up to a maximum of ten percent (10%) of its issued share capital through the Bursa Securities.

The said authorisation shall, in accordance with the Listing Requirements, expire at the conclusion of the forthcoming 41<sup>st</sup> AGM unless a new mandate is obtained from you authorising the Directors to buy back shares of the Company.

Your Company had on 25 February 2021 announced that it will seek shareholders' approval on the Proposed Renewal of the Authority for Share Buy-Back at the forthcoming 41<sup>st</sup> AGM to be held on 20 May 2021.

The purpose of this Circular is to provide you with details on the Proposed Renewal of the Authority for Share Buy-Back and to seek your approval for the Ordinary Resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming 41<sup>st</sup> AGM.

## 2. DETAILS OF THE PROPOSED SHARE BUY-BACK

Your Board proposes to seek your approval for a renewal of the authority to purchase and/or hold its own shares on Bursa Securities of up to 10% of the issued share capital of TSH at any point in time, subject to the Act, Listing Requirements and any Prevailing Laws, rules, regulations and guidelines issued by the relevant authorities at the time of purchase through its appointed stockbroker which was previously approved by the Bursa Securities.

For illustration purposes, the maximum number of TSH Shares which may be purchased by the Company based on the issued share capital and the number of treasury shares held as at 31 March 2021 are as follows:

	<b>No. of shares</b>
Issued share capital	1,381,802,509
Proposed Share Buy-Back (10% thereof)	138,180,250
Less: Number of shares bought back and held as treasury shares	1,629,000
Maximum number of shares that may be further bought back	<u><b>136,551,250</b></u>

The authority for the Proposed Share Buy-Back will be effective immediately upon passing of the ordinary resolution for the Proposed Renewal of the Authority for Share Buy-Back until the conclusion of the next AGM of TSH unless earlier revoked or varied by ordinary resolution of shareholders of TSH in a general meeting.

Set out below are details of the Proposed Share Buy-Back:

### 2.1 *Funding*

A sum of not exceeding the Company's audited retained profits will be allocated for the Proposed Share Buy-back. Based on the latest audited financial statements as at 31 December 2020, the retained profits of TSH amounted to RM285,246,000.

The Proposed Share Buy-Back will allow the Board to exercise the power of the Company to purchase and hold its own shares at any time within the abovementioned time period using the internally generated funds of TSH and/or bank borrowings. The actual number of shares to be purchased and held will depend on the prevailing equity market conditions and sentiments of the Bursa Securities as well as the retained profits, financial resources and bank borrowings and repayment capabilities of the Company at the time of purchase(s). In the event that TSH decides to utilise bank borrowings to finance the Proposed Share Buy-Back, it will ensure that it has sufficient financial capability to repay the bank borrowings and that the bank borrowings is not expected to have a material impact on the cash flow of the Company.

### 2.2 *Treatment of Purchased Shares*

The TSH Shares purchased by the Company will be dealt with by the Directors in accordance with Section 127 of the Act, in the following manner:

- (i) cancel the shares so purchased; or
- (ii) retain the shares so purchased as treasury shares and held by the Company; or
- (iii) retain part of the shares so purchased as treasury shares and cancel the remainder; or
- (iv) distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or
- (v) transfer all or part of the treasury shares for purposes of an employees' share scheme, and/or as purchase consideration; or



in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act, the Listing Requirements and other relevant guidelines issued by Bursa Securities and any other relevant authority for the time being in force.

While the Purchased Shares are held as treasury shares, the rights attached on them as to voting, dividends and participation in other distribution and otherwise are suspended and the Purchased Shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

### 2.3 ***The Purchase Price***

TSH may only purchase its own shares on the Bursa Securities at a price which is not more than fifteen percent (15%) above the weighted average market price of TSH Shares for the five (5) market days immediately before the date of the purchase(s).

### 2.4 ***The Resale or Transfer Price***

TSH may only resell the Purchased Shares held as treasury shares or transfer treasury shares pursuant to Section 127(7) of the Act, at:

- (a) a price which is not less than the weighted average market price of TSH Shares for the five (5) market days immediately before the resale or transfer; or
- (b) a discounted price of not more than 5% to the weighted average market price of TSH Shares for the five (5) market days immediately before the date of resale or transfer provided that:
  - (i) the resale or transfer takes place not earlier than thirty (30) days from the date of purchase; and
  - (ii) the resale or transfer price is not less than the cost of purchase of the shares being resold or transferred.

### 2.5 ***Public Shareholding Spread***

According to the Record of Depositors maintained by the Bursa Depository and Register of Substantial Shareholdings, the public shareholding spread of TSH as at 31 March 2021 is 58.26% held by 9,452 public shareholders. Assuming that the Proposed Share Buy-Back is implemented up to ten percent (10%) of the issued share capital of TSH and that the number of TSH Shares held by substantial shareholders and Directors of TSH remain unchanged, the public shareholding spread of TSH is expected to be 53.67%

Notwithstanding the above, your Board, in implementing the Proposed Share Buy-Back, will be mindful in ensuring that the minimum public shareholding spread of 25% is met and maintained.

### 2.6 ***Potential Advantages and Disadvantages of the Proposed Share Buy-Back***

The Proposed Share Buy-Back will reduce the financial resources of TSH. This may result in TSH forgoing other investment opportunities that may emerge in the future and also reduction of financial resources available for distribution in the form of cash dividends to shareholders of TSH.

However, the financial resources of TSH will increase upon sale of the Purchased Shares which are held as treasury shares at prices higher than the purchase price. Your Board undertakes to buy back TSH Shares only after giving due consideration to the potential impact on the TSH Group's earnings and only if they are of the opinion that it would be in the best interest of the Company.

## 2.7 *Implications relating to the Rules*

Based on the shareholdings as at 31 March 2021, Datuk (Dr.) Kelvin Tan Aik Pen, Dato' Aik Sim, Tan, Tan Aik Kiong and Tan Aik Yong together with persons acting in concert, hold more than 33% but less than 50% of the voting shares of the Company. In the event that that share buy-back exercise results in the shareholdings of any of the above parties being affected, the said person or group of persons acting in concert will be obliged to make a mandatory general offer for the remaining TSH Shares not held by him/them. However, an exemption from a mandatory offer obligation may be granted by the Securities Commission under the Rules, subject to the affected person and the parties acting in concert complying with certain conditions, if obligation is triggered as a result of action outside their direct participation.

As it is not intended for the share buy-back exercise to trigger the obligation to undertake a mandatory general offer by any of its substantial shareholders and/or parties acting in concert with them, the Company is mindful that only such number of shares are purchased, retained as treasury shares, cancelled, transferred or distributed such that the Rules will not be triggered. However, in the event that an obligation to undertake a mandatory offer should arise with respect to any parties from the share buy-back exercise, the relevant parties shall make necessary application to Securities Commission for an exemption from undertaking a mandatory offer under the Rules before a mandatory offer is triggered.

## 2.8 *Purchases and resale made in the previous twelve (12) months*

The Company did not purchase any TSH Shares in the previous twelve (12) months. The total number of TSH Shares held as treasury shares as at 31 March 2021, being the last practicable date prior to the printing of this Circular was 1,629,000. None of the shares purchased were resold, transferred or cancelled during the preceding 12 months.

## 2.9 *Share Prices*

The monthly highest and lowest prices of the shares traded on the Bursa Securities for the last twelve (12) months are as follows:-

	<b>Highest</b>	<b>Lowest</b>
	<b>RM</b>	<b>RM</b>
<b>2020</b>		
April	0.725	0.61
May	0.93	0.67
June	0.92	0.80
July	1.19	0.83
August	1.09	0.935
September	1.15	0.905
October	1.02	0.925
November	1.14	0.92
December	1.19	1.07
<b>2021</b>		
January	1.16	0.99
February	1.11	1.02
March	1.13	1.02
Last transacted price of TSH Shares on 24 February 2021 (being the last transacted price prior to the announcement of the Proposed Share Buy-Back)		RM1.06
Last transacted price of the shares on 15 April 2021 (being the last practicable date prior to the printing of this Circular)		RM1.05

(Source : [www.rhbinvest.com](http://www.rhbinvest.com))

### 3. **RATIONALE FOR THE PROPOSED SHARE BUY-BACK**

The Proposed Share Buy-Back, if approved and exercised, is expected to potentially benefit the Company and its shareholders as follows:

- (a) earnings and NA per share of TSH may increase when the Purchased Shares are cancelled, thereby making the shares more attractive to investors; and
- (b) if the Purchased Shares are kept as treasury shares, it will give Directors an option to subsequently sell the shares so purchased at a higher price and therefore making an exceptional gain for the Company. Alternatively, the shares so purchased can be distributed as share dividends to shareholders.

### 4. **EFFECTS OF THE PROPOSED SHARE BUY-BACK**

The effects of the Proposed Share Buy-Back on the share capital, NA, working capital, earnings and shareholdings of the Directors and substantial shareholders of TSH set out below are based on the assumption that the Company purchases up to the maximum ten percent (10%) of the issued share capital of TSH.

#### 4.1 *Share Capital*

In the event that all the Purchased Shares are cancelled, the issued share capital of TSH as at 31 March 2021, subsequent to the completion of the Proposed Share Buy-Back, will be reduced from 1,381,802,509 ordinary shares to 1,243,622,259 ordinary shares.

In the event that all Purchased Shares are held as treasury shares, the Proposed Share Buy-Back will not have any effect on the issued share capital of TSH. However, the rights attaching to treasury shares as to voting, dividends and participation in other distributions and otherwise would be suspended.

#### 4.2 *NA*

##### **Purchase of Shares**

The Proposed Share Buy-Back may increase or decrease the NA per share depending on the purchase price(s) of the TSH Shares to be bought pursuant to the Proposed Share Buy-Back. The NA per share is likely to increase if the purchase price is less than the NA per share and decrease if the purchase price exceeds the NA per share at the time when TSH Shares are purchased.

##### **Resale of Treasury Shares**

The resale of treasury shares may increase or decrease the NA per share depending on the resale price(s) of the TSH Shares to be sold pursuant to the Proposed Share Buy-Back. The NA per share is likely to increase if the resale price of the shares so purchased is more than the prevailing NA per share and decrease if the resale price of the shares so purchased is less than the prevailing NA per share.

#### 4.3 *Working Capital*

The Proposed Share Buy-Back is likely to reduce the working capital of TSH Group, the quantum of which depends on the purchase price of the shares, the number of shares purchased and the effective funding cost to TSH.

#### 4.4 **EPS**

The effect of the Proposed Share Buy-Back on the EPS of TSH Group will depend on, inter-alia, the number of shares purchased and the purchase price(s) of the shares.

#### 4.5 **Dividend**

For the financial year ended 31 December 2020, an interim single tier dividend of 1.5 sen per ordinary share was paid by the Company on 1 April 2021.

Assuming the Proposed Share Buy-Back is implemented in full, dividend would be paid on the remaining share capital of TSH (excluding the shares already purchased). The Proposed Share Buy-Back may have an impact on the Company's dividend policy for the financial year ending 31 December 2021 as it would reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

### 5. **DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

The Directors, substantial shareholders and person(s) connected with the Directors and/or substantial shareholders of TSH have no direct or indirect interest in the Proposed Share Buy-Back and resale of treasury shares, if any.

Based on the Register of Directors and Register of Substantial Shareholders as at 31 March 2021 and assuming TSH implements the Proposed Share Buy-Back in full and that the shares purchased are from public shareholders, the effect of the Proposed Share Buy-Back on the shareholdings of the Directors and Substantial Shareholders are set out as follows:

#### (i) **Directors' Shareholdings**

	< -----No. of ordinary shares held ----- >							
	Before the Proposed Share Buy-Back				After the Proposed Share Buy-Back			
	Direct	%	Indirect *	%	Direct	%	Indirect *	%
Datuk (Dr.) Kelvin Tan Aik Pen	215,249,317	15.60	-	-	215,249,317	17.31	-	-
Dato' Aik Sim, Tan	53,371,564	3.87	-	-	53,371,564	4.29	-	-
Dato' Jasmy bin Ismail	-	-	-	-	-	-	-	-
Selina binti Yeop Junior @ Lope	-	-	-	-	-	-	-	-
Natasha binti Mohd Zulkifli	-	-	-	-	-	-	-	-
Yap Boon Teck	-	-	-	-	-	-	-	-
Tan Aik Kiong	55,438,695	4.02	27,125	**	55,438,695	4.46	27,125	**
Chew Siew Yeng	-	-	210,000	0.02	-	-	210,000	0.02
Tan Aik Yong	53,949,717	3.91	-	-	53,949,717	4.34	-	-
Lim Fook Hin	1,602,000	0.12	500,000	0.04	1,602,000	0.13	500,000	0.04

Notes:

\* Deemed interested by virtue of Section 59(1)(c) of the Act.

\*\* Negligible

(ii) **Substantial Shareholders' Interests**

	<-----No. of ordinary shares held ----->							
	Before the Proposed Share Buy-Back				After the Proposed Share Buy-Back			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Datuk (Dr.) Kelvin Tan Aik Pen	215,249,317	15.60	-	-	215,249,317	17.31	-	-
Employees Provident Fund Board	107,433,736	7.78	-	-	107,433,736	8.64	-	-

6. **APPROVAL REQUIRED**

The Proposed Share Buy-Back is subject to the approval of the shareholders of TSH at the forthcoming AGM.

7. **DIRECTORS' RECOMMENDATION**

Your Directors, having considered all aspects of the Proposed Share Buy-Back are of the opinion that the Proposed Share Buy-Back is in the best interest of the Company and its shareholders. Accordingly, your Directors recommend that you vote in favour of the Ordinary Resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming AGM.

8. **VIRTUAL AGM**

The Ordinary Resolution of the Proposed Share Buy-Back will be tabled as Special Business at the forthcoming 41<sup>st</sup> AGM of the Company to be held fully virtual at the broadcast venue at Boardroom, Level 12, Menara TSH, No. 8 Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur on 20 May 2021 at 10.00 am or at any adjournment thereof.

Notice of the AGM together with the Form of Proxy and Administrative Guide are available on the Company's website at <https://www.tsh.com.my/agm-2021/>. Please follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely.

If you are unable to participate in this virtual AGM, you are encouraged to appoint Chairman of the meeting or a proxy to attend and vote on your behalf. If you wish to do so, please complete, sign and return the Form of Proxy according to the instructions printed thereon, so as to arrive at the Company's share registrar, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11<sup>th</sup> 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 or adjourned meeting.

9. **FURTHER INFORMATION**

Shareholders are requested to refer to the attached Appendix I for further information.

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

**SELINA BINTI YEOP JUNIOR @ LOPE**  
Independent Non-Executive Director

**PART B**

**LETTER TO SHAREHOLDERS IN RELATION TO THE  
PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS'  
MANDATE FOR RECURRENT RELATED PARTY  
TRANSACTIONS OF A REVENUE OR TRADING NATURE**



## **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

21 April 2021

### **Board of Directors:-**

Datuk (Dr.) 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 : The Shareholders of TSH**

Dear Sir/Madam

### **PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

#### **1. INTRODUCTION**

At the Company's 40<sup>th</sup> AGM held on 3 August 2020, the shareholders of the Company approved the Existing Shareholders' Mandate, the details of which were set out in the Circular to Shareholders dated 3 July 2020 and the Existing Shareholders' Mandate will expire at the conclusion of the forthcoming 41<sup>st</sup> AGM to be held on 20 May 2021.

The Company had on 25 February 2021 announced its intention to seek approval of its shareholders for the Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature.

The purpose of this Circular is to:-

- (a) provide you with details of the Proposed Renewal of the Existing Shareholders' Mandate to be entered into by TSH Group and its Related Parties;
- (b) set out the views of your Board of Directors; and
- (c) seek your approval for the Ordinary Resolution to be tabled at the forthcoming 41<sup>st</sup> AGM.

## 2. DETAILS OF THE PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE

### 2.1 Details of the Proposed Renewal of the Existing Shareholders' Mandate

Part E, Chapter 10.09 of the Listing Requirements allows the Company to seek a shareholders' mandate for Recurrent Related Party Transactions which are of a revenue or trading nature necessary for the Group's day-to-day operations subject to the following:-

- the transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public;
- the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where;
  - (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Transaction is RM1.0 million or more; or
  - (ii) the percentage ratio of such Recurrent Transaction is 1% or more,whichever is the higher;
- in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- immediately announce to Bursa Securities when actual value of the Recurrent Transactions exceeds the estimated value of Recurrent Transactions disclosed in the Circular by 10% or more and must include the information as may be prescribed by the Bursa Securities in the announcement.

The shareholders of the Company approved the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature with certain Related Parties at the 40<sup>th</sup> AGM of the Company held on 3 August 2020, the details of which were set out in the Circular dated 3 July 2020.

The Existing Shareholders' Mandate will require shareholders' approval for renewal when it expires at the conclusion of the forthcoming 41<sup>st</sup> AGM to be held on 20 May 2021.

The Proposed Renewal of the Existing Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Renewal of the Existing Shareholders' Mandate shall only continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the AGM at which the Proposed Renewal of the Existing Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.



## 2.2 Nature of Recurrent Related Party Transactions and class of Related Parties

The principal activities of TSH are investment holding, oil palm cultivation and forest plantation.

The principal activities of its subsidiaries are oil palm cultivation, processing and refining.

The principal activities of the transacting parties are as follows:-

<i>Name of Company</i>	<i>Principal Activities</i>
TSH-Wilmar Sdn Bhd (“TSH-W”)	Operations of palm oil refinery and kernel crushing plant.
Serijaya Industri Sdn Bhd (“SJI”)	Operation of oil palm plantations and palm oil mill.

The Proposed Renewal of the Existing Shareholders’ Mandate will apply to transactions between the TSH Group and the transacting parties as stated above and details of the recurrent transactions are set out in the table below.

### 2.2.1 Recurrent Transactions

<i>Name of Company/ Group Involved</i>	<i>Nature of Transaction</i>	<i>Transacting Party</i>	<i>Interested Directors/Major Shareholder/ Person(s) connected to them</i>	<i>(A) Estimated value* of transactions during validity of the Mandate (21 May 2021 to next AGM, by 30 June 2022) (RM)</i>	<i>(B) Estimated value under the Existing Shareholders’ Mandate (preceding year’s Circular to Shareholders dated 3 July 2020) (RM)</i>	<i>(C) Actual value ^ of transactions from 3 August 2020 to 31 March 2021 (RM)</i>	<i>Deviation where Actual value (C) exceeds the Estimated value (B) &amp; Reason (%)</i>
TSH Plantation Sdn. Bhd. (“TSHP”) & TSH Plantation Management Sdn. Bhd. (“TSHPM”) (Seller)	Sale of crude palm oil	TSH-W (Buyer)	1. Datuk (Dr.) Kelvin Tan Aik Pen 2. Dato’ Aik Sim, Tan 3. Tan Aik Kiong 4. Tan Aik Yong 5. Tan Soon Hong 6. Ong Yah Ho 7. Tan Ah Seng 8. Tan Aik Choon 9. Tan Ek Huat 10. Tan Aik Hwa 11. Chin Chui Fong	700,000,000	700,000,000	178,134,709	-
TSHP & TSHPM (Seller)	Sale of palm kernel	TSH-W (Buyer)	Same as disclosed above	200,000,000	200,000,000	24,848,211	-
TSHPM (Buyer)	Purchase of fresh fruit bunches	SJI (Seller)	Same as disclosed above	34,500,000	34,500,000	-	-

\* The estimated value is subject to change.

^ Actual value of transaction from the date on which the Existing Shareholders’ Mandate was obtained up to the latest practicable date before the printing of this Circular i.e 31 March 2021.

Purchase prices and selling prices involving Recurrent Related Party Transactions are based on prevailing market prices or values.

### 2.3 Amount due and owing to TSH Group

There is no amount due and owing by the Related Parties to TSH Group pursuant to the Recurrent Transactions as at 31 December 2020 which exceeded the credit terms.

### 2.4 Relationship with Related Parties

- (i) TSHP is a wholly-owned subsidiary of TSH.
- (ii) TSHPM is a sub-subsidiary of TSH whereby 76% is owned by TSHP and 24% is owned by TSH.
- (iii) TSH-W is a joint venture company whereby 50% is owned by TSH and 50% is owned by Wilmar Edible Oils Sdn Bhd.
- (iv) SJI is a wholly-owned subsidiary of Innoprise Plantations Berhad (“Innoprise”). TSH is a Major Shareholder of Innoprise.
- (v) Datuk (Dr.) Kelvin Tan Aik Pen is a Director of TSH. He is a Major Shareholder of TSH, with a direct shareholding of 215,249,317 ordinary shares or 15.60% and also a shareholder of Innoprise, with a direct shareholding of 3,175,000 ordinary shares or 0.663%. He is the sibling of Dato’ Aik Sim, Tan, Tan Aik Kiong and Tan Aik Yong. He was a director of TSH-W, SJI and Innoprise.
- (vi) Dato’ Aik Sim, Tan is a Director and shareholder of TSH with a direct shareholding of 53,371,564 ordinary or 3.87%. He is the sibling of Datuk (Dr.) Kelvin Tan Aik Pen, Tan Aik Kiong and Tan Aik Yong.
- (vii) Tan Aik Kiong is a Director of TSH, TSHP, TSHPM, TSH-W, Innoprise and SJI. He has a direct shareholding of 55,438,695 ordinary shares or 4.02% in TSH and 750,000 ordinary shares or 0.157% in Innoprise. He is the sibling of Datuk (Dr.) Kelvin Tan Aik Pen, Dato’ Aik Sim, Tan and Tan Aik Yong. He is deemed to have an indirect interests of 27,125 ordinary shares by virtue of his spouse’s shareholding in TSH pursuant to Section 59(11)(c) of the Act.
- (viii) Tan Aik Yong is a Director of TSH and TSH-W. He has a direct shareholding of 53,949,717 ordinary shares or 3.91% in TSH. He is the sibling of Datuk (Dr.) Kelvin Tan Aik Pen, Dato’ Aik Sim, Tan and Tan Aik Kiong.
- (ix) Ong Yah Ho is a Director of TSHP and shareholder of TSH with a direct shareholding of 16,710,290 ordinary shares or 1.21%. She is the mother of Datuk (Dr.) Kelvin Tan Aik Pen, Dato’ Aik Sim, Tan, Tan Aik Kiong and Tan Aik Yong.
- (x) Tan Aik Choon, Tan Ek Huat and Tan Aik Hwa are Directors of certain TSH subsidiaries with direct shareholdings of 41,491,658 ordinary shares or 3.01%, 39,434,718 ordinary shares or 2.86% and 38,482,181 ordinary shares or 2.79% respectively in TSH. They are the siblings of Datuk (Dr) Kelvin Tan Aik Pen, Dato’ Aik Sim, Tan, Tan Aik Kiong and Tan Aik Yong.
- (xi) Tan Ah Seng is the sibling of Datuk (Dr.) Kelvin Tan Aik Pen, Tan Aik Kiong, Dato’ Aik Sim, Tan and Tan Aik Yong. He holds 36,654,089 ordinary shares or 2.66% in TSH.
- (xii) Tan Soon Hong, father of Datuk (Dr.) Kelvin Tan Aik Pen, Dato’ Aik Sim, Tan, Tan Aik Kiong and Tan Aik Yong, and Chin Chui Fong, spouse of Tan Aik Kiong, each holding 22,914,835 ordinary shares or 1.66% and 27,125 ordinary shares respectively in TSH.

## 2.5 Review and disclosure procedures

The review and disclosure procedures for the Recurrent Related Party Transactions of a revenue or trading nature are to establish and ensure that the transactions are conducted on arm's length basis, are based on normal commercial terms consistent with the Group's usual business practices and are on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interest of minority shareholders of the Company. The procedures are as follows:-

- (a) The Related Parties will be advised that they are subject to the Proposed Renewal of the Existing Shareholders' Mandate and will also be advised of the review and disclosure procedures followed by the Group;
- (b) Updated lists of Related Parties are circulated to the TSH Group to notify that all transactions with Related Parties are required to be undertaken on an arm's length basis, be on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public;
- (c) The Company maintains a record of all Recurrent Related Party Transactions entered into pursuant to the Proposed Renewal of the Existing Shareholders' Mandate submitted by TSH Group on quarterly basis;
- (d) The Audit Committee at its meetings will review any Recurrent Related Party Transactions of a revenue or trading nature and thereafter report to the Board. The Audit Committee shall review TSH's reporting system and procedures relating to Recurrent Related Party Transactions to ascertain that the established guidelines and procedures of the Company have been complied with and the Internal Auditor as part of his audit review will check to ensure that all transactions entered into pursuant to the Proposed Renewal of the Existing Shareholders' Mandate will be on an arm's length commercial terms and rate;
- (e) Interested Directors who are members of the Board and/or Audit Committee will abstain from taking part in decisions pertaining to the Recurrent Related Party Transactions of a revenue or trading nature, and will also ensure that they and any person(s) connected with them will also abstain from voting on the resolution relating to the Proposed Renewal of the Existing Shareholders' Mandate tabled at a general meeting of the Company;
- (f) At least two (2) other contemporaneous transactions with unrelated third parties for similar products, services and/or quantities will be used as comparison wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of produces, services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the prevailing market norms and practices will be relied upon, taking into account the efficiency, quality and type of support services to be provided to ensure that the Recurrent Transactions are not detrimental to the Group.

There are no thresholds for approval of Recurrent Transactions as all transactions will be reviewed and approved by the Group Managing Director and/or Executive Directors.

## 2.6 Statement by Audit Committee

The Audit Committee of the Company has reviewed the terms of the Proposed Renewal of the Existing Shareholders' Mandate and is satisfied that the procedures for Recurrent Related Party Transactions are sufficient to ensure that such transactions are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The Group has in place adequate procedures and processes to monitor, track and identify Recurrent Transactions in a timely and orderly manner and such procedures and processes are reviewed on an annual basis or wherever the need arises.

## 2.7 Disclosure of Recurrent Related Party Transactions

Disclosure of the Recurrent Related Party Transactions will be made in accordance with Section 3.1.5 of the Practice Note 12 issued by Bursa Securities, which requires a breakdown of the aggregate value of the Recurrent Related Party Transactions entered into during the financial year, including amongst others, the following information:

- (i) the type of Recurrent Related Party Transactions; and
- (ii) the names of the Related Parties involved in each type of Recurrent Related Party Transactions entered into and their relationship with the Company

pursuant to the Proposed Renewal of the Existing Shareholders' Mandate in the Company's Annual Report, and in the Annual Reports for subsequent financial years that the Proposed Renewal of the Existing Shareholders' Mandate continues in force.

## 3. RATIONALE FOR THE PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE

The Recurrent Related Party Transactions of a revenue or trading nature forms part of the Group's day-to-day operations in the ordinary course of business. The procurement of the Proposed Renewal of the Existing Shareholders' Mandate would eliminate the need to announce and/or convene separate general meetings for the purpose of seeking shareholders' approvals as and when potential Recurrent Related Party Transactions arise, thereby reducing substantially administrative time, effort and expenses associated with the convening of such meetings on an ad hoc basis. This would allow the Group to conserve and channel its manpower resources to pursue business opportunities which will go towards attaining its corporate objectives.

## 4. EFFECTS OF THE PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE

The Proposed Renewal of the Existing Shareholders' Mandate will not have any impact on the share capital, NA, EPS, dividends or shareholdings of TSH.

## 5. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Datuk (Dr.) Kelvin Tan Aik Pen, being the Interested Director and Major Shareholder, Dato' Aik Sim, Tan, Tan Aik Kiong, Tan Aik Yong, Ong Yah Ho, Tan Aik Choon, Tan Ek Huat and Tan Aik Hwa, being the Interested Directors (collectively referred to as "the Interested Directors") and Tan Soon Hong, Tan Ah Seng and Chin Chui Fong, being persons connected with the Directors and/or Major Shareholder, which has/have any interest, direct or indirect, in the Proposed Renewal of the Existing Shareholders' Mandate, will abstain from voting in respect of his/their direct and/or indirect shareholdings at the forthcoming AGM of the Company.

Where the persons connected with Datuk (Dr.) Kelvin Tan Aik Pen, Dato' Aik Sim, Tan, Tan Aik Kiong, Ong Yah Ho, Tan Aik Choon, Tan Ek Huat, Tan Aik Hwa and Tan Aik Yong, as disclosed above, has/have any interest, direct or indirect, in the Proposed Renewal of the Existing Shareholders' Mandate, Datuk (Dr.) Kelvin Tan Aik Pen, being the Director and Major Shareholder of TSH and Dato' Aik Sim, Tan, Tan Aik Kiong and Tan Aik Yong, being the Directors of TSH will also abstain from voting in respect of his direct and/or indirect shareholdings in the Company. The Interested Directors have and will continue to abstain from Board deliberations and voting pertaining to the Proposed Renewal of the Existing Shareholders' Mandate.

The Interested Directors and/or Major Shareholders has/have undertaken that he/they shall ensure that the person(s) connected with him/them will abstain from voting on the resolution deliberating or approving the Proposed Renewal of the Existing Shareholders' Mandate at the forthcoming AGM to be convened.

Based on the Register of Directors and Register of Substantial Shareholders as at 31 March 2021, the direct and indirect shareholdings of the Interested Directors and Major Shareholder and person connected with them are set out below:

**Interested Directors and/or Major Shareholder**

Name	< -----No. of ordinary shares held ----- >			
	Direct	%	Indirect *	%
Datuk (Dr.) Kelvin Tan Aik Pen ^	215,249,317	15.60	-	-
Dato' Aik Sim, Tan	53,371,564	3.87	-	-
Tan Aik Kiong	55,438,695	4.02	27,125	Negligible
Tan Aik Yong	53,949,717	3.91	-	-

Notes:

\* Deemed interested by virtue of Section 59(11)(c) of the Act

^ Datuk (Dr.) Kelvin Tan Aik Pen is a Director and Major Shareholder of TSH

**Person connected to Directors and/or Major Shareholder**

Name	< -----No. of ordinary shares held ----- >			
	Direct	%	*Indirect	%
Tan Soon Hong	22,914,835	1.66	-	-
Ong Yah Ho	16,710,290	1.21	-	-
Tan Ah Seng	36,654,089	2.66	-	-
Tan Aik Choon	41,491,658	3.01	-	-
Tan Ek Huat	39,434,718	2.86	-	-
Tan Aik Hwa	38,482,181	2.79	-	-
Chin Chui Fong	27,125	Negligible	55,438,695	4.02

Note:

\* Deemed interested by virtue of Section 59(11)(c) of the Act.

Save as disclosed above, none of the other Directors and/or Major Shareholder or persons connected with them have any interest, direct or indirect in the Proposed Renewal of the Existing Shareholders' Mandate.

**6. APPROVAL REQUIRED**

The Proposed Renewal of the Existing Shareholders' Mandate is subject to the approval of the shareholders of TSH at the forthcoming AGM.

**7. DIRECTORS' RECOMMENDATION**

Your Directors (with the Interested Directors namely Datuk (Dr.) Kelvin Tan Aik Pen, Dato' Aik Sim, Tan, Tan Aik Kiong and Tan Aik Yong, abstaining from giving any opinion), having considered all aspects of the Proposed Renewal of the Existing Shareholders' Mandate are of the opinion that the Proposed Renewal of the Existing Shareholders' Mandate is in the best interest of the Group and its shareholders.

Accordingly, your Directors (except Datuk (Dr.) Kelvin Tan Aik Pen, Dato' Aik Sim, Tan, Tan Aik Kiong and Tan Aik Yong, who abstained from giving any recommendation) recommend that shareholders vote in favour of the Ordinary Resolution pertaining to the Proposed Renewal of the Existing Shareholders' Mandate to be tabled at the forthcoming AGM.

8. **VIRTUAL AGM**

The Ordinary Resolution of the Proposed Share Buy-Back will be tabled as Special Business at the forthcoming 41<sup>st</sup> AGM of the Company to be held fully virtual at the broadcast venue at Boardroom, Level 12, Menara TSH, No. 8 Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur on 20 May 2021 at 10.00 am or at any adjournment thereof.

Notice of the AGM together with the Form of Proxy and Administrative Guide are available on the Company's website at <https://www.tsh.com.my/agm-2021/>. Please follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely.

If you are unable to participate in this virtual AGM, you are encouraged to appoint Chairman of the meeting or a proxy to attend and vote on your behalf. If you wish to do so, please complete, sign and return the Form of Proxy according to the instructions printed thereon, so as to arrive at the Company's share registrar, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11<sup>th</sup> 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 or adjourned meeting.

9. **FURTHER INFORMATION**

Shareholders are requested to refer to the attached Appendix I for further information.

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

**SELINA BINTI YEOP JUNIOR @ LOPE**  
Independent Non-Executive Director

## ADDITIONAL INFORMATION

### 1. **Directors' Responsibility**

This Circular has been seen and approved by the Directors of TSH and they individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

### 2. **Material Contract**

Save as disclosed below, neither TSH nor its subsidiaries has entered into any material contracts (not being contracts entered into in the ordinary course of business) during the past two (2) years immediately preceding the date of this Circular:

On 26 August 2020, TSH Global Plantation Pte. Ltd. and TSH Oversea Pte. Ltd., wholly-owned subsidiaries of the Company, had entered into conditional shares sale and purchase agreements with Taiko Plantations Pte. Ltd. for the disposal of 90% of the issued and paid-up ordinary shares in PT Farinda Bersaudara ("FDB") and PT Teguh Swakarsa Sejahtera ("TSS") for a total cash consideration of USD141.1 million, which comprises 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, subject to the fulfillment of certain conditions precedent.

### 3. **Material Litigation**

The Company or any of its subsidiaries is not engaged in any material litigation either as plaintiff or defendant as at the date of this Circular and the Directors do not have any knowledge of any proceeding pending or threatened against the Company or its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position of the Company and its subsidiaries.

### 4. **Documents for Inspection**

Copies of the following documents will be available for inspection at the registered office of TSH at Level 10, Menara TSH, No. 8 Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur during normal business hours for a period from the date of this Circular to the date of the AGM:

- (a) Constitution of the Company;
- (b) Audited Financial Statements of TSH for the past two (2) financial years ended 31 December 2019 and 31 December 2020; and
- (c) Material contract referred to in Section 2 above.