

TA ANN HOLDINGS BERHAD

(Company No. 419232-K)

(Incorporated in Malaysia)

MINUTES OF THE EIGHTEENTH (18TH) ANNUAL GENERAL MEETING ("AGM") OF THE COMPANY HELD AT IGAN ROOM, TANAHMAS HOTEL, LOT 277 BLOCK 5, JALAN KAMPUNG NYABOR, 96000 SIBU, SARAWAK ON WEDNESDAY, 27 MAY 2015 AT 2.30 P.M.

PRESENT:

DIRECTORS

| | |
|--|-------------------------|
| Y. Bhg. Datuk Amar Abdul Hamed Bin Haji Sepawi | Executive Chairman |
| Y. Bhg. Dato Wong Kuo Hea | Group Managing Director |
| En. Sa'id Bin Haji Dolah | Executive Director |
| Y. Bhg. Datuk Abang Haji Abdul Karim Bin Tun Abang Haji Openg | Director |
| Y. Bhg. Dato' Awang Bemee Bin Awang Ali Basah | Director |
| Mr. Chia Chu Fatt | Director |
| Ms Ting Lina @ Ding Lina | Director |
| Y. Bhg. Datuk Ambrose Blikau Anak Enturan | Director |

Members/Corporate Representative/Proxies
as per attendance list

IN ATTENDANCE:

| | |
|-----------------------------|-------------------|
| Mr. Augustine Siaw Meng Kun | Company Secretary |
|-----------------------------|-------------------|

AGM 1 INTRODUCTION

The Secretary, Mr. Augustine Siaw Meng Kun welcomed all present to the Eighteenth (18th) AGM of Ta Ann Holdings Berhad and invited YBhg. Datuk Amar Abdul Hamed Bin Haji Sepawi as the Executive Chairman to chair the meeting.

AGM 2 QUORUM

The Secretary confirmed that a quorum was present for the meeting. He further stated that forty one (41) members were personally present, one (1) member was present by corporate representative and seventy three (73) members were present represented by proxies.

AGM 3 NOTICE OF MEETING

The notice convening the meeting, having been circulated to all members and advertised in "The Star" on 28 April 2015 within the prescribed period, with the consent from all members was taken as read.

The Chairman informed the meeting that a resolution put to the vote would be decided on a show of hands unless, before or on the declaration of the result of the voting by show of hands, a poll was demanded by either:

- a) the Chairman; or
- b) at least two (2) members present in person or by proxy; or
- c) any member or members present in person or by proxy and representing not less than one-tenth (1/10th) of the total voting rights of all members having the right to vote at the meeting; or
- d) a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10th) of the total sum paid-up on all the shares conferring that right.

**AGM 4 AUDITED FINANCIAL STATEMENTS AND REPORTS
(RESOLUTION 1)**

The motion was for adoption of Audited Financial Statements and Directors' and Auditors' Reports for the year ended 31 December 2014, which had been circulated to all members within the prescribed period.

The Audited Financial Statements and reports for the year ended 31 December 2014 was open to the floor for discussion.

There being no questions from the members, the Chairman proceeded with the motion.

Mr. Wong Kuok Kai and Mr. Pui Chin Jang @ Pui Chin Yam, being the proposer and seconder respectively, the motion was put to the meeting.

By unanimous vote, it was :-

RESOLVED THAT the Directors' Report and Audited Financial Statements together with the Report of Auditors thereon for the year ended 31 December 2014 be and are hereby received and adopted.

AGM 5 DIRECTORS' FEES (RESOLUTION 2)

The Chairman put the motion for the approval of sum of RM700,000 as Directors' fees in respect of the year ended 31 December 2014.

Encik Akmal Bazli Bin Dahari and Mr. Lau Hie Ping, being the proposer and seconder respectively of the motion, and by unanimous votes, it was:-

RESOLVED THAT the Directors' fees of RM700,000 in respect of the year ended 31 December 2014 be hereby approved for payment.

**AGM 6 (a) RE-ELECTION OF DIRECTOR PURSUANT TO ARTICLE 63
(RESOLUTION 3)**

The motion was for re-election of Dato Wong Kuo Hea who retired in accordance with Article 63 of the Company's Articles of Association and being eligible, offered himself for re-election.

On the proposal by Mr. Chai Min Kian and seconded by Mr. Eddie Tay Kwoil Hock, the motion was put to the meeting.

Dato Wong Kuo Hea abstained himself from voting.

By unanimous votes, it was:-

RESOLVED THAT Dato Wong Kuo Hea be and is hereby re-elected to office as Director of the Company in accordance with Article 63 of the Company's Articles of Association.

AGM 6 (b) RE-ELECTION OF DIRECTOR PURSUANT TO ARTICLE 63 (RESOLUTION 4)

The Chairman proceeded with the motion for the re-election of Mr. Chia Chu Fatt as a Director who retired by rotation in accordance with Article 63 of the Company's Articles of Association and being eligible, offered himself for re-election.

On the proposal by Mr. Eddie Tay Kwoil Hock and seconded by Mr. Chai Min Kian, the motion was put to the meeting.

Mr. Chia Chu Fatt abstained himself from voting.

By unanimous votes, it was:-

RESOLVED THAT Mr. Chia Chu Fatt be and is hereby re-elected to office as Director of the Company in accordance with Article 63 of the Company's Articles of Association.

AGM 7 RE-ELECTION OF DIRECTOR PURSUANT TO ARTICLE 68 (RESOLUTION 5)

The motion was for re-election of Datuk Ambrose Blikau Anak Enturan who retired in accordance with Article 68 of the Company's Articles of Association and being eligible, offered himself for re-election.

On the proposal by Mr. Wong Kuok Kai and seconded by Mr. Lau Hie Ping, the motion was put to the meeting.

Datuk Ambrose Blikau Anak Enturan abstained himself from voting.

By unanimous votes, it was:-

RESOLVED THAT Datuk Ambrose Blikau Anak Enturan be and is hereby re-elected to office as Director of the Company in accordance with Article 68 of the Company's Articles of Association.

AGM 8 RE-APPOINTMENT OF AUDITORS (RESOLUTION 6)

The Chairman informed the meeting that the retiring auditors, Messrs KPMG had expressed their willingness to continue in office.

On the proposal by Datuk Abang Haji Abdul Karim Bin Tun Abang Haji Openg and seconded by Ms Tie Feng Nee, it was unanimously:-

RESOLVED THAT Messrs KPMG be and is hereby re-appointed as Auditors of the Company for the ensuing year and to hold office until the conclusion of the next AGM at remuneration to be determined by the Board of Directors.

The Chairman continued by informing the members that the Board of Directors had recommended for shareholders' approval to pass the ordinary resolution nos. 7 & 8 on the continuation in office as Independent Non-Executive Director pursuant to the Malaysian Code on Corporate Governance 2012.

The proposed resolution nos. 7 & 8 were to seek approval to re-appoint Datuk Abang Haji Abdul Karim Bin Tun Abang Haji Openg and Dato' Awang Bemee Bin Awang Ali Basah, who had served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years. The Board of Directors and the Nomination Committee had assessed both of them and thereby recommended that they continued to act as Independent Non-Executive Directors of the Company based on the following justifications:

- i. their experience, networking, understanding of business and objectivity in approach had contributed to the sound management, good performance and sustainable growth of the Group;
- ii. they remained professionally independent and very vocal, actively participated in deliberations and exercised independent judgement at Board/Board Committee meetings without being influenced by operational consideration; and
- iii. they acted in the best interests of all shareholders and their continued re-appointment as Independent Non-Executive Director would provide a check and balance to operational management.

Datuk Abang Haji Abdul Karim Bin Tun Abang Haji Openg and Dato' Awang Bemee Bin Awang Ali Basah excused themselves from the meeting.

AGM 9 CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR PURSUANT TO RECOMMENDATION 3.3 OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2012 (RESOLUTION 7)

The motion was for re-appointment of Datuk Abang Haji Abdul Karim Bin Tun Abang Haji Openg who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. The resolution was

“THAT approval be and is hereby given to Datuk Abang Haji Abdul Karim Bin Tun Abang Haji Openg who has served as an Independent Non-Executive Director of the Company for a consecutive term of more than nine (9) years, to continue in office as an Independent Non-Executive Director of the Company.”

On the proposal of Mr. Simon Ling Yu Kiong and seconded by Mr. Eddie Tay Kwoil Hock, the motion was put to the meeting.

On voting by a show of hands, there was only 1 vote against the motion. By majority votes, it was:-

RESOLVED THAT pursuant to Recommendation 3.3 of the Malaysian Code On Corporate Governance 2012, Datuk Abang Haji Abdul Karim Bin Tun Abang Haji Openg be and is hereby re-appointed to office as Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.

Datuk Abang Haji Abdul Karim Bin Tun Abang Haji Openg rejoined the meeting.

AGM 10 CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR PURSUANT TO RECOMMENDATION 3.3 OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2012 (RESOLUTION 8)

The motion was for re-appointment of Dato’ Awang Bemee Bin Awang Ali Basah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. The resolution was

“THAT approval be and is hereby given to Dato’ Awang Bemee Bin Awang Ali Basah who has served as an Independent Non-Executive Director of the Company for a consecutive term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company.”

On the proposal of Mr. Pui Chin Jang @ Pui Chin Yam and seconded by Mr. Wong Kuok Kai, the motion was put to the meeting.

TA ANN HOLDINGS BERHAD (Company No. 419232-K)

▪ **Minutes of the Eighteenth Annual General Meeting held on 27 May 2015**

On voting by a show of hands, there was only 1 vote against the motion. By majority votes, it was:-

RESOLVED THAT pursuant to Recommendation 3.3 of the Malaysian Code On Corporate Governance 2012, Dato' Awang Bemee Bin Awang Ali Basah be and is hereby re-appointed to office as Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.

Dato' Awang Bemee Bin Awang Ali Basah rejoined the meeting.

AGM 11 PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK (RESOLUTION 9)

The Chairman continued by informing the members that the AGM was also to seek renewal of authority for the Share Buy-Back and Recurrent Related Party Transactions. The earlier mandates obtained at the Company's AGM held on 26 May 2014 would expire at the conclusion of today's AGM.

Details of the Proposed Share Buy-Back were outlined in Part A of the Statement to Shareholders dated 28 April 2015.

On the proposal by Ms Florence Tiong Ai Ling and seconded by Mr. Pui Chin Jang @ Pui Chin Yam, it was unanimously:-

RESOLVED THAT subject to the provisions of the Companies Act, 1965 (as may be amended, modified or re-enacted from time to time), the Company's Articles of Association, the requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, rules, orders, requirements, regulations and guidelines for the time being in force or as may be amended, the Company be and is hereby authorised to purchase on the market of the Bursa Securities and/or hold such number of ordinary shares of RM1.00 each ("Shares") in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company ("Directors") from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company provided that the total aggregate number of Shares purchased or to be purchased and/or held pursuant to this resolution shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at the time of purchase and the maximum funds to be allocated by the Company for the purpose of the Proposed Share Buy-Back shall not exceed the total retained profit reserve of the Company at the time of purchase **AND THAT**, such Shares purchased are to be retained as treasury shares and distributed as dividends and/or resold on the market of the Bursa Securities or may subsequently be cancelled **AND THAT** the Directors be and are hereby authorised and empowered to do all acts and things and to take all such steps and to enter into and execute all commitments, transactions, deed, agreements, arrangements, undertakings, indemnities, transfers, assignments and/or guarantees

as they may deem fit, necessary expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, as may be required or imposed by any relevant authority or authorities **AND FURTHER THAT** the authority hereby given shall commence immediately upon passing of this ordinary resolution and will continue to be in force until:

- (a) the conclusion of the next annual general meeting ('AGM') of the Company at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the "Act") (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting;

whichever occurs first, but not so as to prejudice the completion of the purchase of its own shares by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by the Bursa Securities or any other relevant authorities.

AGM 12 PROPOSED RENEWAL OF SHAREHOLDER MANDATE AND NEW SHAREHOLDER MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDER MANDATES") (RESOLUTION 10)

The Chairman proceeded to the agenda on the renewal of shareholder mandate and new shareholder mandate for the recurrent related party transactions of a revenue or trading nature, which was approved at the AGM held on 26 May 2014.

The rationale for the Company and its subsidiaries to enter into related party transactions is to achieve efficiencies in business dealings, in particular competitive prices, shorter delivery time and reliability in sourcing of materials and goods.

These would ultimately benefit the Group and the shareholders by enhancing profitability and returns on shareholders' funds.

Details of the related parties and transactions were set out in Appendix A of the Circular and new related parties of the recurrent transactions of a revenue or trading nature likewise were set in Appendix A of the Circular.

The Chairman further reminded that the interested parties as set out in page 20 to page 30 of the Appendix A to refrain from voting.

TA ANN HOLDINGS BERHAD (Company No. 419232-K)

▪ **Minutes of the Eighteenth Annual General Meeting held on 27 May 2015**

Ms Florence Tiong Ai Ling and Mr. Eddie Tay Kwoil Hock were the proposer and seconder respectively of the resolution and by unanimous vote, it was:-

RESOLVED THAT approval be and is hereby given to the Company and its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature as set out in Appendix A of the Circular to Shareholders dated 28 April 2015 (“Circular”) with the specific related parties mentioned therein which are necessary for the Group’s day-to-day operations, subject to the following:

- (a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those available to the public and not to the detriment of the minority shareholders; and
- (b) a disclosure of a breakdown of the aggregate value of recurrent transactions conducted pursuant to the Proposed Shareholder Mandates during the financial year shall be made in the annual report, where the aggregate value is equal to or exceeds the applicable threshold prescribed under paragraph 10.09(1) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad and amongst others, based on the following information:
 - the type of recurrent transactions made; and
 - the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company.

AND THAT such approval will only continue to be in force until:

- (a) the conclusion of the next annual general meeting (‘AGM’) of the Company at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after the date is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 (the “Act”) (but must not extend to such extension as may be allowed pursuant to Section 143 (2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholder Mandates.

The Chairman informed the meeting that he had received a letter from MSWG raising some points, and directed the Secretary to read out the points raised.

Their points raised and answers given were as follows:

Strategic & Financial Matters

- 1. The Group recorded higher Revenue and Profit Before Tax in FY 2014 of an amount of RM1,011 million and RM168.4 million respectively. The higher profit was mainly due to higher contribution from the plantation sector. What is the outlook in FY 2015-2016 and can the Group continue to deliver better result this year due to higher contribution from the plantation with higher FFB output, higher CPO production, higher log prices and higher plywood demand from Japan market?**

Higher revenue and profit in 2014 are due to the increasing contribution from both palm oil and timber sectors.

For 2015 and 2016, the expectation is higher productivity and production in both palm oil and timber sectors, with more maturing palms, increasing hectareage of planted acacia superbark ready for harvesting and establishing of a plywood mill in Tasmania. However, the extent of their respective contributions to revenue and profit will be dependent on the selling prices and exchange rate.

- 2. What is the rationale for consolidating all the existing timber licenses into one licence with a validity of 60 years? What is the average validity of the existing timber licences?**

Currently the timber licences issued are of relatively short validity period ranging 10 to 15 years, for which harvesting programme would be based on the period granted. No forest certification could be planned or proceeded.

Under our proposed restructuring where timber licences would be consolidated into one licence of long term duration of 60 years, we will be able to plan sustainable harvesting of timber in tandem with re-planting and undertake forest certification. This will ensure the sustained supply of logs from legal source to our mill for processing.

- 3. The Group's average palm oil extraction rate and average kernel extraction rate was 18.46% and 3.10% respectively in FY 2014. How does the Group fare when compared with the industry average and whether there is further room for improvement?**

The average oil extraction rate (OER) of 18.46% and kernel extraction rate (KER) of 3.10% mentioned in your letter are those of our new CPO mill, TP Palm Oil Mill, where the fresh fruit bunch supplies are from the nearby relatively young oil palm plantations. From our more established mill, Manis Palm Oil Mill, the average OER and KER are 20.20% and 4.36% respectively, an improvement over 2013.

Steps have been taken to improve the OER and KER of our CPO mills through more stringent FFB grading and other measures to raise the oil recovery.

- 4. The Group's Corporate Social Responsibility Report covering an environmental management in the areas of building a greener future, wood traceability and sustainable palm oil certification are commendable. The Group uses only "legal" logs for timber processing at the Group's plywood mill and sawmill will ensure that the Group will comply with legal requirement. Could the Board inform the shareholders the outcome of the Malaysian Anti-Corruption Commission ("MACC") investigation into two of its subsidiaries?**

The Group's use of only legal logs for timber processing has been verified by the international independent third party verifiers in 2014. MACC's investigation into illegal logging activities are state-wide investigations on which we had made an announcement to Bursa Securities on 13 May 2015. We have not been advised of the outcome of the investigations.

Corporate Governance

- 1. We noted that the Board had put up 2 of its INEDs, who have served more than 15 years, to be retained as Independent Directors.**

We would like the Board to clarify whether it has in place a proper succession planning for its Board members, especially for the Independent Directors considering that the Malaysian Code on Corporate Governance 2012 has been in place since 2012. We advise that the Board ought to take this opportunity to evaluate the current mix of the Board composition, effectiveness and experience, including term limits on an annual basis to ensure a smooth transition of the directors in the Board.

Our Board composition and effectiveness, Directors' core competencies and experience and Board Committees' effectiveness are reviewed yearly and the current Board has the right mix that has effectively led the Group to deliver the good performance consistently.

The independence of the two INEDs are reviewed yearly by the Board which found them to be independent and vocal in Board and Board Committees' deliberation.

As the continued service and contribution from the two INEDs are deemed required to sustain the performance of the Group, the Directors have recommended for their continuance as INEDs.

2. **As stated in the Malaysian Code on Corporate Governance 2012 under recommendation 3.5, the Board should comprise a majority of independent directors where the Chairman of the Board is not an Independent Director. The number of Independent Directors constitutes 50% of the Board members. Please explain.**

The divergence from the Malaysian Code on Corporate Governance 2012 has been highlighted at page 69 and the rationale explained at page 70 of the Annual Report 2014.

3. **To publish a summary of minutes of the general meetings on the Company's website to be in line with the spirit of transparency and good corporate governance practices based on the ASEAN CG Scorecard to assess the level of CG standards of PLCs in Malaysia.**

The suggestion is noted and a summary of general meeting minutes will be published at the Company's website.

AGM 13 CONCLUSION

Having transacted the above resolutions as set out in the Agenda, the Chairman declared that the meeting closed at 3.02 p.m. He thanked all those present for their attendance and invited them for refreshment.

Confirmed by,

.....
DATUK AMAR ABDUL HAMED BIN HAJI SEPAWI
CHAIRMAN