

# **JAYA TIASA HOLDINGS BERHAD**

(Company No. 3751-V)  
(Incorporated in Malaysia)

**SUMMARY OF PROCEEDINGS OF THE 57<sup>TH</sup> ANNUAL GENERAL MEETING OF THE COMPANY HELD AT THE AUDITORIUM, GROUND FLOOR, NO. 62, LORONG UPPER LANANG 10A, 96000 SIBU, SARAWAK ON WEDNESDAY, 29 NOVEMBER 2017 AT 9.00 A.M.**

**PRESENT : BOARD OF DIRECTORS**

Gen Tan Sri Abdul Rahman bin Abdul Hamid (Rtd) - Chairman  
Dato' Sri Tiong Chiong Hoo – Deputy Executive Chairman  
Dato' Wong Sie Young – Chief Executive Officer  
Dato' Sri Dr. Tiong Ik King  
Mdm Tiong Choon  
Mr. Tiong Chiong Hee  
John Leong Chung Loong - Chairman of the Remuneration Committee  
Dato' Wong Lee Yun - Chairman of the Audit and Nominating Committees

**OTHERS**

As per attendance lists

**1. CHAIRMAN'S ADDRESS**

Gen Tan Sri Abdul Rahman bin Abdul Hamid (Rtd) (the "Chairman") welcomed the members, proxies and attendees to the Company's 57<sup>th</sup> AGM.

**2. QUORUM**

The Chairman called the meeting to order at 9.00 a.m. upon confirmation by the Secretary of the presence of a quorum.

**3. VOTING**

The Chairman briefed the members that pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia, all resolutions set out in the notice of this Meeting would be voted by poll. He further informed that polling on all resolutions would be taken upon completion of deliberation of all the business agenda laid before the Meeting.

The Company had appointed Anna Lu & Co as the Scrutineer to verify and validate the poll results.

**4. NOTICE OF MEETING**

The Chairman informed that the notice of the Meeting was sent to all the members of the Company and advertised in the New Straits Times on 27 October 2017.

It was unanimously agreed that the notice convening the Meeting, having been circulated, be taken as read.

## 5. QUESTIONS AND ANSWERS SESSION

Prior to the Meeting, the Minority Shareholder Watchdog Group (MSWG) had via its letter dated 22 November 2017 submitted their questions to the Company relating to Strategic & Financial Matters of the Group and Corporate Governance issues. Details of the questions and answers marked as Appendix A attached were presented to the members present at the Meeting via power point.

The representative from MSWG commented that he was satisfied with the replies given by the Company. MSWG further recommended the Board to look into sourcing more fresh fruit bunches from 3<sup>rd</sup> party to increase the mills utilisation rates. The Chief Executive Officer replied that the Board will consider MSWG's recommendation.

## 6. ORDINARY AND SPECIAL BUSINESS

### Ordinary Business - Agenda 1

#### Audited Financial Statements for the Financial Year Ended 30 June 2017 together with the Directors' and Auditors' Reports Thereon

The Chairman informed that Agenda 1 on the Audited Financial Statements for the year ended 30 June 2017 together with the Directors' and Auditors' Reports thereon were tabled at the Meeting for discussion only and no voting were required under Section 340 of the Companies Act 2016.

The Chairman announced that the Audited Financial Statements for the year ended 30 June 2017 together with the Directors' and Auditors' Reports thereon laid before the Meeting in compliance with Section 244(2)(a) of the Companies Act 2016 were duly received.

#### Ordinary Business (Resolutions 1-8) and Special Business (Resolutions 9-13)

The Chairman asked for questions from the floor in respect of the motions for each of the ordinary business (Resolutions 1-8) and the special business (Resolutions 9-13) as set out in the Notice of the 57<sup>th</sup> AGM.

There was no query raised.

## 7. OTHER BUSINESS

The Company had not received any notice for transacting any other business.

The Meeting then proceeded to poll voting.

## 8. DECLARATION OF POLL RESULTS

Based on the poll results verified and validated by the Scrutineer, the Chairman declared that all the Resolutions tabled at the Meeting were **CARRIED** as follows:-

	For		Against		Abstained
	No. of Shares	%	No. of Shares	%	No. of Shares
<b>ORDINARY BUSINESS</b>					
<b><u>Resolution 1</u></b>					
Declaration of Final Dividend	417,937,929	100.0000	0	0	0

	For		Against		Abstained
	No. of Shares	%	No. of Shares	%	
<b>ORDINARY BUSINESS</b>					
<b><u>Resolution 2</u></b>					
Re-election of Dato' Sri Tiong Chiong Hoo as Director	417,759,593	99.9683	132,400	0.0317	45,936
<b><u>Resolution 3</u></b>					
Re-election of Tiong Chiong Hee as Director	417,767,130	99.9591	170,799	0.0409	0
<b><u>Resolution 4</u></b>					
Re-election of John Leong Chung Loong as Director	417,269,069	99.8400	668,860	0.1600	0
<b><u>Resolution 5</u></b>					
Re-appointment of Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) as Director	417,451,669	99.8837	486,260	0.1163	0
<b><u>Resolution 6</u></b>					
Approval of Directors' Fees	417,937,929	100.0000	0	0.0000	0
<b><u>Resolution 7</u></b>					
Approval of Directors' Benefits	417,755,329	99.9563	182,600	0.0437	0
<b><u>Resolution 8</u></b>					
Re-appointment of Messrs. Ernst & Young as Auditors	417,937,929	100.0000	0	0.0000	0
<b>SPECIAL BUSINESS</b>					
<b><u>Resolution 9</u></b>					
Continuation in office of Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) as Independent Director	417,451,669	99.8837	486,260	0.1163	0
<b><u>Resolution 10</u></b>					
Continuation in office of Mr John Leong Chung Loong as Independent Director	417,451,669	99.8837	486,260	0.1163	0

	For		Against		Abstained
	No. of Shares	%	No. of Shares		No. of Shares
<b>SPECIAL BUSINESS</b>					
<b><u>Resolution 11</u></b>					
Continuation in office of Dato' Wong Lee Yun as Independent Director	417,490,068	99.8929	447,546	0.1071	315
<b><u>Resolution 12</u></b>					
Authority for the Company to purchase its own shares	417,937,929	100.0000	0	0.0000	0
<b><u>Resolution 13</u></b>					
Shareholders' Mandate for Recurrent Related Party Transaction	177,342,189	100.0000	0	0.0000	240,595,740

## 8. CONCLUSION

The Meeting concluded at 10.35 a.m. with a vote of thanks to the Chair.

**RESPONSES TO MSWG'S QUERIES**

**Strategy / Financial**

Q1 The revenue of Timber Division declined significantly by 32% in FY2017 and the Division recorded a loss before tax of RM56 million compared with a profit before tax of RM98 million for FY2016. The decline was mainly due to decrease in sales volume on the back of lower production volume and lower average selling price for both log and plywood.

- (a) Following the decrease in logs supply due to changes in regulations and the Company's commitment to the Sustainable Forest Management Certification, the Group had scaled down its downstream wood processing activities.

What would be the expected impact on the revenue and the profitability of the Group from the downsizing exercise, moving forward?

**JTH's Response**

The financial result for FY2017 was impacted by the impairment of goodwill and machineries on the timber division arising from the downsizing exercise due to the reduction of logs production leading to volume contraction of timber products.

Moving forward, contribution from timber division will continue to be subdued. However, we are seeing and expecting more contribution from oil palm segment in the overall performance of the Group.

- (b) Despite the production constraint which would lead to lower supply, we noted that the average price for both log and plywood had declined by 7% in FY2017.

What were the factors that had caused the price of log and plywood to decline and what is the Board's view on the movement of the price in FY2018?

**JTH's Response**

With the drop in log export quota from 40% to 30% during FY 2017, the average selling price realized was averaged down due to proportionate reduction in export volume vis a vis local sales volume.

The plywood price realized was very much dependent on the product mix in the sales order besides the prevailing market's supply and demand conditions.

Due to supply constraints, management expects the price of timber products to stabilize.

Q2 As reported in the Management Discussion and Analysis, the Company is in the process of obtaining Malaysia Sustainable Palm Oil (MSPO) certification for its mills and oil palm estates.

It was recently reported that the MSPO certification compliance will be made mandatory for Malaysian plantations by end of 2019.

(a) What are the expected challenges in pursuing MSPO certification for the mills and estates of the Group before the deadline in 2019?

**JTH's Response**

We have not experienced major challenges in our pursuit of MSPO certification up-to-date. Our plan is to certify our mills and plantations in stages. To-date, two of our plantations and one of our mills have completed the 2<sup>nd</sup> stage audit, and these are awaiting issuance of certificate. The process of certification is ongoing for the remaining of our plantations and mills.

(b) What would be the expected budget to be allocated for the MSPO project?

**JTH's Response**

Currently, RM2 million is allocated for the MSPO certification project.

Q3 The utilization rate of Wealth Houses CPO Mill and Lassa CPO Mill were below 50% in FY2017. As stated in the Management Discussion and Analysis, all mills will be optimized in the near term when the crop production increases.

(a) What would be the optimum utilization rate for the mills of the Company?

**JTH's Response**

The optimum utilization rate for the mills is 80%.

(b) Given that the Company's crop production is insufficient for the mills, would processing FFB from third parties helps the mills to achieve its optimum utilization rate?

**JTH's Response**

The company is gradually sourcing FFB from third party to improve utilization rate. We are working closely with surrounding external estates to source some more FFB while waiting for our own palms to mature.

- (c) What would be the expected utilization rate for Hariyama CPO Mill which was commissioned in FY2017?

**JTH's Response**

The expected utilization rate for Hariyama CPO Mill is about 60% for FY18.

Q4 We noted a bungalow lots land on Lot 22, 26 & 27 at Borneo Highland, Kuching is still pending issuance of Land Title since it was acquired on 15 May 2006.

- (a) Granted that the land had been acquired for more than 10 years, what had impeded the issuance of the Land Title?

**JTH's Response**

The developer is currently working on the issuance of land title pending clearance from the authority concerned.

- (b) What was the purpose of the Company to acquire a land for bungalow lots?

**JTH's Response**

The initial plan was to develop a facility for leadership training and management development program for senior staff.

**Corporate Governance Matter**

Under Resolution 7, the Company is seeking shareholders' approval for the payment of Directors' benefits to the Non-Executive Directors from February 2017 until otherwise resolved with the details in Note 3 of the Agenda of the AGM.

Could the Board provide the indicative amount of the total benefits tabled under the said Resolution?

**JTH's Response-**

The indicative amount of the total benefits for all the non-executive directors tabled under Note 3 of the Agenda of the AGM is below RM400,000 per annum.