

TEXCHEM RESOURCES BHD.
(Company No. 16318-K)
(Incorporated in Malaysia)
Registered Office: Level 18, Menara Boustead Penang
39, Jalan Sultan Ahmad Shah, 10050 Penang

Minutes of the Forty-Third Annual General Meeting (“43rd AGM”) of the Company held at Pinang Ballroom, Level 3, Jen Hotel, Magazine Road, 10300 Penang on Tuesday, 25 April 2017 at 11.00 a.m.

PRESENT : As per Attendance List

BY INVITATION : As per Attendance List

IN ATTENDANCE : Tan Peng Lam }
Lee Puay Img } Company Secretaries

CHAIRMAN : The Chairman, Tan Sri Dato’ Seri (Dr.) Fumihiko Konishi, presided at the Meeting.

CHAIRMAN’S ADDRESS

The Chairman extended a warm welcome to all present at the 43rd AGM and introduced the members of the Board, the Group Chief Financial Officer cum Company Secretary, the Company Secretary, the President and Chief Executive Officer of Polymer Engineering Division and the representatives from Messrs KPMG PLT, the Company’s Auditors, the representative from Agriteum Share Registration Services Sdn. Bhd., the Company’s Share Registrar, the representative from Quantegic Services Sdn. Bhd., the appointed Scrutineer and the corporate representative from Minority Shareholder Watchdog Group.

With the requisite quorum being present, the Chairman declared the 43rd AGM duly constituted at 11.00 a.m. The Chairman noted that as sufficient notice has been given, the notice convening the 43rd AGM was taken as read.

POLL VOTING

The Chairman informed the Meeting that in compliance with the requirement of Bursa Malaysia Securities Bhd.’s Main Market Listing Requirements for poll voting, all resolutions which would be put to vote at the 43rd AGM would be conducted by way of poll voting and the Company had appointed Agriteum Share Registration Services Sdn. Bhd. as the Poll Administrator to conduct the polling process and Quantegic Services Sdn. Bhd., the Scrutineer, to verify the poll results.

The Chairman then read out the rules and procedures for polling and announced that polling process would be conducted upon completion of the deliberation of all items to be transacted at the 43rd AGM.

The results of the poll (a copy of which is annexed hereto as Appendix 1) were announced by the Chairman upon completion of the verification of the votes by the Scrutineer and details of the resolutions were set out herein.

1. AUDITED FINANCIAL STATEMENTS

The Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon were received and duly noted at the 43rd AGM.

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The Chairman explained to the Meeting that the Audited Financial Statements for the financial year ended 31 December 2016 under Agenda 1 were for discussion only as it did not require shareholders' approval. Hence it would not be put for voting.

The Chairman informed the Meeting that on 20 April 2017, the Company had received a letter from the Minority Shareholder Watchdog Group ("MSWG") raising some questions to the Company. The Group Chief Financial Officer cum Company Secretary, Mr Tan Peng Lam, was invited to present the questions and answers accordingly for the benefit of the members present. A copy of the Company's letter of reply is annexed herewith as Appendix 2. The questions and answers were also presented on slide show to the shareholders.

2. RE-APPOINTMENT OF DIRECTOR

RESOLVED THAT Tan Sri Dato' Seri (Dr.) Fumihiko Konihsi be re-appointed as a Director of the Company to hold office from the date of this Annual General Meeting onwards without limitation in tenure save in accordance with the Company's Memorandum and Articles of Association, the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Proposer : Dato' Toh Peng Hoe
Secunder : Tan Chye Luan

3. RE-ELECTION OF DIRECTORS

(i) RESOLVED THAT Mr Yap Kee Keong, who retired in accordance with Article 123 of the Company's Articles of Association, be re-elected as a Director of the Company.

Proposer : Dato' Toh Peng Hoe
Secunder : Tan Choon Hung

(ii) RESOLVED THAT Dato' Danny Goon Siew Cheang, who retired in accordance with Article 123 of the Company's Articles of Association, be re-elected as a Director of the Company.

Proposer : Lim Siew Hooi
Secunder : Dato' Toh Peng Hoe

4. DIRECTORS' FEES

RESOLVED THAT the Directors' fees of RM1,040,000 for the financial year ended 31 December 2016 be approved for payment.

Proposer : Toh Hock Chooi
Secunder : Woon May Sin

5. RE-APPOINTMENT OF AUDITORS

RESOLVED THAT Messrs KPMG PLT be re-appointed as the Auditors of the Company for the financial year ending 31 December 2017 and to hold office until the conclusion of the next Annual General Meeting and the Directors be and are hereby authorised to determine and fix the remuneration of the Auditors.

Proposer : Dato' Toh Peng Hoe
Secunder : Tan Choon Hung

6. SPECIAL BUSINESS – ORDINARY RESOLUTIONS

IT IS HEREBY RESOLVED AS FOLLOWS:

(A) Continuing in office as Independent Non-Executive Directors

(i) THAT authority be and is hereby given to Dato' Seri Nazir Ariff Bin Mushir Ariff who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company.

Proposer : Toh Hock Chooi
Secunder : Dato' Khoo Yeoh Gan Hong

(ii) THAT authority be and is hereby given to Dato' Danny Goon Siew Cheang who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company.

Proposer : Tan Chye Luan
Secunder : Toh Hock Chooi

(B) Power to Issue Shares pursuant to Section 75 of the Companies Act 2016

THAT subject always to the Companies Act 2016 ("Act"), Articles of Association of the Company and approvals of the relevant regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered, pursuant to Section 75 of the Act, to allot and issue shares in the Company from time to time at such price, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the total issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority as abovementioned shall continue in force until the conclusion of the next Annual General Meeting of the Company.

Proposer : Tan Choon Hung
Secunder : Zurriana Binti Hussain

(C) Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Mandate")

THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), approval be and is hereby given to the Company and/or its subsidiaries, pursuant to paragraph 10.09 read with Practice Note 12 of the MMLR, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Part A [section 2.4(A)] of the Circular to the Shareholders of the Company dated 31 March 2017 in relation to the Proposed Mandate, which are necessary for the Company and/or its subsidiaries' day-to-day operations provided that 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 generally available to the public and are not to the detriment of the minority shareholders of the Company; and provided further that the disclosure for all such transactions is made in the annual report of the Company of the aggregate value of all such transactions conducted pursuant to the shareholders' mandate during the financial year where:

- (a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1 million; or
- (b) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,

whichever is the higher.

AND THAT such approval shall continue to be in force until:

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

whichever is the earlier.

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AND FURTHER THAT the Directors of the Company and/or its subsidiaries, whether solely or jointly, be and are hereby authorised to complete and do all such acts and things including executing such relevant documents as they may consider expedient or necessary to give effect to the Proposed Mandate.

Proposer : Tan Choon Hung
Seconder : Zurriana Binti Hussain

(D) Proposed Renewal of Existing Share Buy-Back Authority

THAT subject to the Companies Act 2016 (“Act”), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Company’s Articles of Association and other applicable laws, rules, regulations and guidelines of the relevant authorities, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares in the Company’s issued and paid-up capital through the Bursa Securities at any time and upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit subject to the following:

- (a) the aggregate number of shares which may be purchased and/or held by the Company shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company for the time being (“Texchem Shares”);
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing the Texchem Shares shall not exceed the total retained profits of RM274,452,015 of the Company as at 31 December 2016;
- (c) the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will continue in force until:
 - (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the Forty-Third AGM in which the resolution for the Proposed Renewal of Existing Share Buy-Back Authority is passed, at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM is required by law to be held; or
 - (iii) revoked or varied by ordinary resolution of the shareholders of the Company in general meeting,

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whichever is the earlier, but so as not to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and in any event, in accordance with the Main Market Listing Requirements of the Bursa Securities or any other relevant authorities;

- (d) upon completion of the purchase(s) of the Texchem Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Texchem Shares in the following manner:
- (i) to cancel the Texchem Shares so purchased; or
 - (ii) to retain the Texchem Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities and/or for cancellation subsequently; or
 - (iii) to retain part of the Texchem Shares so purchased as treasury shares and cancel the remainder; or
 - (iv) in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary including to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities or as may be deemed necessary by the Directors and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company.

Proposer : Tan Choon Hung
Secunder : Deavagi Devi Karuppaiah

7. VIDEO PRESENTATION BY PRESIDENT AND GROUP CHIEF EXECUTIVE OFFICER

The Chairman invited the President and Group Chief Executive Officer, Mr Brian Tan Guan Hooi, to present the corporate video on Texchem Group of Companies to the shareholders.

8. CONFIRMATION OF MINUTES

RESOLVED THAT the minutes of the Meeting be and was hereby confirmed instanter.

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9. CLOSE OF MEETING

There being no further business, the Meeting was declared closed at 1.00 p.m. with a vote of thanks to the Chair.

CONFIRMED AS A TRUE RECORD

- Signed -

TAN SRI DATO' SERI (DR.)
FUMIHIKO KONISHI
Chairman

Date: 25 April 2017



TEXCHEM RESOURCES BHD.
Company No. 16318-K

FORTY-THIRD ANNUAL GENERAL MEETING HELD ON 25 APRIL 2017

RESULT ON VOTING BY POLL

	Ordinary Resolutions	For		Against		Result
		No. of Shares	%	No. of Shares	%	
Resolution 1	Re-appointment of Tan Sri Dato' Seri (Dr.) Fumihiko Konishi	64,654,207	100.00	0	0.00	Carried
Resolution 2	Re-election of Mr Yap Kee Keong who retires pursuant to Article 123 of the Company's Articles of Association	64,653,107	100.00	0	0.00	Carried
Resolution 3	Re-election of Dato' Danny Goon Siew Cheang who retires pursuant to Article 123 of the Company's Articles of Association	64,653,107	99.99985	100	0.00015	Carried
Resolution 4	Approval of Directors' Fees	66,622,907	99.99970	200	0.00030	Carried

	Ordinary Resolutions	For		Against		Result
		No. of Shares	%	No. of Shares	%	
Resolution 5	Re-appointment of Auditors and authorisation of Directors to fix their remuneration	66,627,607	99.99970	200	0.00030	Carried
Resolution 6	Authority be given to Dato' Seri Nazir Ariff Bin Mushir Ariff to continue to act as Independent Non-Executive Director of the Company	64,647,107	99.99783	1,400	0.00217	Carried
Resolution 7	Authority be given to Dato' Danny Goon Siew Cheang to continue to act as Independent Non-Executive Director of the Company	64,653,107	99.99985	100	0.00015	Carried
Resolution 8	Power to Issue Shares pursuant to Section 75 of the Companies Act, 2016	64,652,407	97.03299	1,976,900	2.96701	Carried
Resolution 9	Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature	13,111,413	99.99237	1,000	0.00763	Carried
Resolution 10	Proposed Renewal of Existing Share Buy-Back Authority	66,632,107	100.00	0	0.00	Carried

[End]



25 April 2017

Badan Pengawas Pemegang Saham Minoriti Berhad
Tingkat 11, Bangunan KWSP
No. 3, Changkat Raja Chulan
Off Jalan Raja Chulan
50200 Kuala Lumpur

Attn.: Cik Lya Rahman
General Manager

Dear Madam,

Texchem Resources Bhd (“Texchem”)
Forty-Third Annual General Meeting of the Company to be held on 25 April 2017

We refer to your letter dated 20 April 2017 in respect of the above subject matter.

Please find below our reply to the points raised by you:-

Strategy/Financial Matters

1. For the FY 2016, the Group’s PBT and PAT had declined to RM13.5 million and RM4.9 million compared to RM23.4 million and RM12 million in FY2015 respectively.

What measures have been taken by the Board to improve the performance of the Group?

Answer:

The decline of PBT and PAT in 2016 were mainly due to the one-off closure cost of RM6.49 million on cessation of the China plant, impairment of goodwill of RM2.5 million and losses incurred by Food Division. The losses of Food Division were due to unfavorable weather conditions resulted in poor landing of seafood raw materials in Myeik, Myanmar and Malaysia. Low seafood raw materials landing phenomena was experienced all over the world in 2016. Meanwhile, due to weak demand of our key products in China, global selling price softened.

Moving forward, to reduce the loss, Food Division has invested in a soft shell crab aquaculture to ensure sustainability in resources is secured over the long term. Pursuing this strategy, the Division will expand its aquaculture activities for other marine products to strengthen its value chain.

2. We noted that the restaurant division had expanded its revenue base by bringing to Malaysia new restaurant brand such as "Doutor Coffee" from Japan.
- (i) Please share on the progress and sales results of "Doutor Coffee" to-date?
 - (ii) What is the expected target contribution to the group for FY2017?

Answer:

Doutor Coffee opened its first outlet at Aeon Tebrau City on 23 November 2016. The second and third outlets were opened on 8 December 2016 and 15 December 2016 at Sunway Velocity Mall and Aeon Bukit Tinggi Mall respectively. The 4th outlet was opened on 18 April 2017 at Gurney Plaza. The sales achieved for the first 3 outlets were below our expectation as we thread through a learning process in this new business. However, improvement has been implemented when we opened the 4th outlet and sales is picking up. To-date, since there are just a few outlets, the sales contribution to the Group is still small.

The sales of Restaurant Division was RM227.75 million in 2016. Doutor Coffee is expected to have 6 to 7 outlets in 2017. Therefore, the sales contribution of Doutor Coffee to the total sales of Restaurant Division is insignificant.

3. In FY 2016, the restaurant division expanded its operations outside Malaysia into Vietnam with the opening of 4 restaurants. Please elaborate on the challenges in its Vietnam's operations and what are the targets set and the timeframe to achieve these results?

Answer:

The experiences learnt from operating restaurants in Malaysia is totally different from consumer behavior in Vietnam. In Malaysia, restaurants perform well if they are opened in the shopping malls. However, the situation is different in Vietnam as Vietnamese prefers to visit the restaurants which are opened in shoplots rather than in shopping malls. The customers' behavior, menu, location and pricing are also different in Vietnam as compared to Malaysia. We have realigned the restaurants to meet the demand of consumers there. Improvements are ongoing as the Vietnam operation is still in its incubation period.

Corporate Governance Matters

1. Board Members' Attendance

We noted that Cik Zarizana @ Izana Binti Abdul Aziz had attended only three out of six Board Meetings and four out of seven Audit Committee Meetings in FY 2016.

What were the reasons for Cik Zarizana @ Izana Binti Abdul Aziz not being able to attend the Board and Audit Committee Meetings during the financial year?

Answer:

Cik Zarizana consults with several international organisations including the United Nations' agencies and World Bank Group. She travels extensively in performing her work for these organisations.

Cik Zarizana had planned her travelling schedule around the Company's pre-planned Meeting timetable made in the beginning of the year. As some of the Meetings were re-scheduled during the year, Cik Zarizana was then unable to attend the said re-scheduled Meetings due to her pre-planned work commitment.

We take note of Cik Zarizana's busy work schedule and will endeavor not to re-schedule pre-planned Meetings. In this manner, we believe Cik Zarizana's attendance in Meetings will not be affected going forward.

2. Directors fees and benefits

Section 230(1) of the Companies Act 2016 provides that the fees of the directors, and any benefit payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

We noted that the Company has under Ordinary Resolution 4 tabled only the directors' fee 2016 for shareholders' approval. There was no resolution on any benefits payable tabled for approval in the AGM. Could the Board confirm that no allowances or benefit-in-kind or any other benefits would be paid to Non-Executive Director in FY 2017? Please explain.

Answer:

The new Companies Act, 2016 came into effect on 31 January 2017 and is applicable for directors' fee and benefits to be paid for the period 31 January 2017 to 31 December 2017 and thereafter. The Ordinary Resolution 4 is for approval of directors' fee for the financial year ended 31 December 2016 which falls under the Companies Act, 1965. There is no benefit-in-kind payable to the Non-Executive Directors in the financial year 2017 save for meeting allowance. The Company will comply with the Companies Act, 2016.

Thank you.

Yours faithfully

-Signed-

Tan Sri Dato' Seri (Dr.) Fumihiko Konishi
Executive Chairman