

TEXCHEM RESOURCES BHD.
[Co. No.: 197301002868 (16318-K)]
(Incorporated in Malaysia)
Registered Office: Level 18, Menara Boustead Penang
39, Jalan Sultan Ahmad Shah, 10050 Penang

Minutes of the Extraordinary General Meeting (“EGM”) of the Company held on a virtual basis through live streaming and online remote voting from the Broadcast Venue at Boardroom, Level 18, Menara Boustead Penang, 39 Jalan Sultan Ahmad Shah, 10050 Penang on Wednesday, 30 March 2022 at 10.30 a.m.

PRESENT : Board of Directors

(i) at the Broadcast Venue

Tan Sri Dato’ Seri (Dr.) Fumihiko Konishi
Mr Yap Kee Keong
Dr Yuma Konishi
Mr Jony Raw

(ii) via video conferencing

Dato’ Seri Nazir Ariff Bin Mushir Ariff
Cik Zarizana @ Izana Binti Abdul Aziz
Puan Azian Binti Mohd Yusof

Shareholders, Corporate Representatives and Proxies

As per summary of Attendance List via remote participation and electronic voting facilities (“RPV Facilities”) (Total representing 73,859,302 ordinary shares)

BY INVITATION : As per Attendance List (including attendance via RPV Facilities)

**IN ATTENDANCE : Lee Puay Img }
Catherine Siew Seen Wa } Company Secretaries**

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

CHAIRMAN'S ADDRESS

The Chairman extended a warm welcome to all present virtually at the EGM and informed that in view of the Covid-19 pandemic and with safety of the Company' shareholders, employees and Directors being of primary concern, the EGM was conducted on a virtual basis through live streaming and online remote voting using the remote participation and voting facilities.

Thereafter, the Chairman proceeded to introduce the members of the Board, the Group Chief Financial Officer and the Company Secretaries who were seated with him in the Broadcast Venue and those who were attending the Meeting via video conferencing, which included the Independent Non-Executive Directors, the Managing Director of Sushi King Sdn. Bhd. and the representative from Commercial Quest Sdn. Bhd., the scrutineer.

QUORUM & NOTICE

With the requisite quorum being present, the Chairman declared the EGM duly constituted at 10.30 a.m.

The Chairman noted that 14 days' notice has been given to the shareholders. Hence, the notice convening the EGM was taken as read.

PROCEEDINGS & VOTING PROCEDURES

The Chairman informed the Meeting that in compliance with the requirement of Bursa Malaysia Securities Bhd's Main Market Listing Requirements for poll voting, the sole resolution would be put to vote by way of poll at the EGM and polling would be conducted by way of electronic poll voting via RPV Facilities and the Company had appointed SS E Solutions Sdn. Bhd. as the poll administrator to conduct the polling process and Commercial Quest Sdn. Bhd., the scrutineer, to verify the poll results.

The Meeting continued with a display on the screen a step-by-step guide together with a short audio clip on the online voting. The Chairman informed the Meeting that the voting session commenced from the start of the Meeting at 10.30 a.m. and voting could be done throughout the Meeting until the closure of the voting session.

QUESTIONS & ANSWERS ("Q&A") SESSION

The Chairman invited shareholders present virtually at the Meeting to submit relevant questions through the text box in the live stream player and the Management would respond to these questions after the resolution to be transacted at the EGM was dealt with. The pertinent questions received from the Shareholders or Proxies during the EGM and answers given during or after the Meeting are set out in Appendix 1 attached herewith.

POLLING PROCESS

On the conclusion of the Q&A session, the Chairman informed that he had been appointed to act as proxy for a number of shareholders and he shall vote in accordance with the instructions given. The Chairman advised the Shareholders and Proxies to proceed to submit their vote via the RPV Facilities. The step-by-step guide together with a short audio clip on the online voting was played again in the Meeting. The Shareholders and Proxies were given another five (5) minutes to cast and submit their votes. Thereafter, the scrutineer proceeded to verify the poll results.

ANNOUNCEMENT OF POLL RESULTS

The Chairman called the Meeting to order for the declaration of the poll results. The Chairman informed that the scrutineer had verified the poll voting results and the said results were projected on the screen.

Based on the poll results verified by the scrutineer (a copy of which is annexed hereto as Appendix 2), the Chairman declared that the resolution tabled at the EGM was passed and the details of the resolution is set out herein.

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION OF 1.40 MILLION ORDINARY SHARES IN SUSHI KING SDN BHD (“SUSHI KING”), REPRESENTING 28% OF THE ISSUED SHARE CAPITAL OF SUSHI KING BY SUSHI KING HOLDINGS SDN BHD, A WHOLLY OWNED SUBSIDIARY OF TEXCHEM RESOURCES BHD, FROM ASIA YOSHINOYA INTERNATIONAL SDN BHD FOR A TOTAL CASH CONSIDERATION OF RM102.20 MILLION (“PROPOSED ACQUISITION”)

RESOLVED:

THAT approval be and is hereby given for Sushi King Holdings Sdn Bhd, a wholly owned subsidiary of Texchem Resources Bhd (“TRB” or “Company”), to acquire 1.40 million ordinary shares in Sushi King Sdn Bhd from Asia Yoshinoya International Sdn Bhd for a total cash consideration of RM102.20 million pursuant to and in accordance with the terms and conditions of the Share Transfer Agreement dated 19 January 2022 in relation to the Proposed Acquisition.

AND THAT the Board of Directors of the Company (“Board”) be and is hereby authorised and empowered to complete and give full effect to the Proposed Acquisition with full power to deal with all matters incidental, ancillary to and/or relating thereto and to take all such steps and to execute and deliver and/or caused to be executed and delivered on behalf of the Company all necessary documents and all such other agreements including without limitation to corporate guarantees and to do all acts, deeds and things as they may consider necessary or expedient or in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or as may be deemed necessary by the Board or expedient or in the best interest of the Company and to the extent that any of the above actions have been performed, these be approved, confirmed and ratified in all respects.

CLOSE OF MEETING

There being no further business, the Meeting was declared closed at 11.09 a.m. with a vote of thanks to the Chair.

CONFIRMED AS A TRUE RECORD

- signed -

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

Date: 30 March 2022

Texchem Resources Bhd.

Minutes of the Extraordinary General Meeting held on 30 March 2022

Pertinent questions received from Shareholders or Proxies and answers given during and after the Extraordinary General Meeting

The following questions were posted by Pui Cheng Wui

No.	Question	Answer by the Chairman, Tan Sri Dato' Seri (Dr.) Fumihiko Konishi
1.	Sushi King (East Malaysia) Sdn Bhd was incorporated in 2007 and in 2008 the company expanded its operations to East Malaysia and the East Coast states of Peninsular Malaysia. Is the business in East Malaysia and the East Coast states of Peninsular Malaysia undertaken by this subsidiary? If so, what is the rationale for this?	The operations of East Coast states in Peninsular Malaysia are under Sushi King Sdn Bhd ("SKSB") whereas the operations of East Malaysia, are under Sushi King (East Malaysia) Sdn Bhd ("SKEM"). SKEM is a wholly-owned subsidiary of SKSB and SKSB transfers all necessary materials to SKEM to operate. The cost structures of both these companies are different, eg. SKEM may have higher logistics cost but lower rentals. Operating separate entities enables the management to accurately monitor differences in operating environment such as cost structures, profitability and advantages.
2.	I refer to Item 2.4 in the Circular where revenue and profit figures for Sushi King and Sushi King Group are tabulated. The figures for both FY2020 and FYE2021 show that the subsidiary companies, presumably Sushi King (East Malaysia), registered positive performances even as Sushi King suffered losses. Please elaborate on this divergence in performance.	Covid-19 impacted different parts of Malaysia differently which affected relevant lockdown measures accordingly. Our SKSB operations in Peninsular Malaysia were closed to dine-ins for 141 days whereas our operations under SKEM in Sabah and Sarawak were closed for lesser days. Therefore, this enabled SKEM to perform better compared to SKSB.

The following question was posted by Chong Jia Junn

No.	Question	Answer by the Chairman, Tan Sri Dato' Seri (Dr.) Fumihiko Konishi
3.	How is the prospect of Sushi King? Why does the management want to buy the remaining stake?	The Q4 2021 results of the Sushi King Group, which contributed 80% of the performance of the Restaurant Division, is an indication of the profitability of the business as we move towards a Covid-19 endemic stage. Therefore this is a right time to buy back the shares in SKSB.

The following questions were posted by Lim Li Hui

No.	Question	Answer by the Chairman, Tan Sri Dato' Seri (Dr.) Fumihiko Konishi
4.	<p>According to Summary of Financial Position (Page 23 of Circular) & Statement of Financial Position (Page 33), the Net Asset (NA) for Sushi King Sdn Bhd is RM 43.952mil FYE 2020. However, it was stated on Section 6.2 (Page 14) that the goodwill arising from the Proposed Acquisition is RM 84.93million (RM102.2mil deduct the NA of Sushi King Group of RM17.27mil).</p> <p>1) May I know where did the figure of RM17.27 million come from?</p> <p>2) Why didn't we use the RM43.952mil as the NA of Sushi King?</p>	<p>The net assets ("NA") of RM43.952 million in page 23 of the Circular is solely based on the audited financial statements of Sushi King Sdn Bhd, i.e. at company level (without Sushi King (East Malaysia) Sdn Bhd, Sushi King Company Limited, Sushi Kin (BN) Sdn Bhd and PT Sushi King Group Indonesia defined as "Sushi King Group"). The total NA including consolidation adjustments of the Sushi King Group is RM61.67 million. As such, based on the Proposed Acquisition of 28%, the NA is RM17.27 million (RM61.67 million x 28%).</p>
5.	<p>In the Q4 2021, restaurant division had a very impressive performance, a pre-tax profit of RM10.659million. How much did Sushi King Group contribute to this?</p>	<p>The combined operations of SKSB and SKEM, which form the Sushi King Group, contributed 80% towards Restaurant Division's Q4 2021 pre-tax profit.</p>
6.	<p>According to the circular (page 4), Sushi King Group registered a pre-tax loss of RM2.514 million for the year ending 2021. However, according to the 2021 Q4 Quarter report (page 14), the 'Restaurant segment' registered a pre-tax loss of RM1.295 million for the year ending 2021. May I know what other businesses are contributing to the positive profit?</p>	<p>Texchem Resources Bhd.'s Restaurant Division comprises Restaurant group and Food Services group. While our Restaurant group was impacted by the severe lockdown, our Food Services group, consisting of Wilpack Food Services Sdn Bhd, Sea Master Food Sdn Bhd, Kokubu Food Logistics Malaysia Sdn Bhd and Otafuku Sauce Malaysia Sdn Bhd, were all profitable in spite of the pandemic. Although the profits are not significant, nevertheless, this helped to reduce the loss in the Restaurant group.</p>

The following question was posted by Yim Kam Moon

No.	Question	Answer by the Chairman, Tan Sri Dato' Seri (Dr.) Fumihiko Konishi
7.	Does it mean Texchem will end all relationships with Yoshinoya group?	Upon completion of this exercise, there is no longer a formal relationship with Yoshinoya as a shareholder of Sushi King Sdn Bhd.

The following questions were posted by Lim Hock Sing

No.	Question	Answer by the Chairman, Tan Sri Dato' Seri (Dr.) Fumihiko Konishi
8.	<p>We are paying RM102.2m for 28% of Sushi King which means that 100% of Sushi King is valued at RM365m. Based on our current share price of RM1.93 on 124.1m shares, our market capitalisation is just RM239.5m. This means that either our shares are grossly undervalued or we are significantly overpaying for this acquisition. My questions on this acquisition are:</p> <ol style="list-style-type: none"> 1) Are we paying too much for the 28% in Sushi King? 2) What extra benefits are we getting for the 28% extra stake that we are not getting now? 3) Since we are paying so much for this acquisition shouldn't the vendor be asked to provide a profit guarantee at least for the next 3 years. 	<p>The basis and justification for the Total Purchase Consideration for the Proposed Acquisition is disclosed in Section 2.7, pages 5 to 8 of the Circular. Comparison is made to comparable companies listed in Malaysia which carry similar principal activities to that of Sushi King which are involved in Food and Beverage industry. For information purposes, Sushi King is under one of the divisions of Texchem Resources Bhd group of companies ("TRB Group"), i.e. Restaurant Division.</p> <p>As disclosed and tabulated in the Circular, the purchase consideration in terms of PE Multiple and EV/ EBITDA multiple is below the average and comparable companies which carry similar principal activities to that of Sushi King which are involved in Food and Beverage industry. The Proposed Acquisition will enable Sushi King to become a 98.35% indirect subsidiary of TRB. Pursuant thereto, TRB will be able to consolidate additional 28% equity interest of the financial performance of the Sushi King Group. Also, the TRB Group, through the Proposed Acquisition, will be able to facilitate easier decision making to steer the direction for the Sushi King Group without any dilution to its control in its management.</p> <p>Currently, Sushi King is a 70.35% indirect subsidiary of TRB and will be a 98.35% indirect subsidiary of TRB upon completion of the Proposed Acquisition. Thereby, TRB, being the major shareholder, is responsible to charter the growth of Sushi King.</p>

[End]

Company Name : **TEXCHEM RESOURCES BHD**
 197301002868 (16318-K)

Type Of Meeting : **EXTRAORDINARY GENERAL MEETING**

Venue Of Meeting : **BROADCAST VENUE AT THE BOARDROOM, LEVEL 18, MENARA BOUSTEAD PENANG, 39 JALAN SULTAN AHMAD SHAH, 10050 PENANG, MALAYSIA**

Date & Time of Meeting : **30-MARCH-2022 10:30 AM**

Votes Summary Report**Resolution (s)***Resolution 1*

Proposed Acquisition

	No. of shareholders	No. of shares	% of voted shares	Accepted/Rejected
For	92	73,762,135	99.9977	
Against	6	1,667	0.0023	
Valid Cast	98	73,763,802	100.0000	Accepted
Abstain	1	90,000		
Not Indicated	2	5,500		
Total Cast	101	73,859,302		




Signature of Scrutineers