

TEK SENG HOLDINGS BERHAD
Registration No. 200201011909 (579572-M)
(Incorporated in Malaysia)

MINUTES OF GENERAL MEETING

MINUTES OF THE EXTRAORDINARY GENERAL MEETING (“EGM”) OF TEK SENG HOLDINGS BERHAD (“TEK SENG” OR THE “COMPANY”) HELD FULLY VIRTUAL THROUGH LIVE STREAMING AND ONLINE PARTICIPATION AND VOTING USING REMOTE PARTICIPATION AND VOTING (“RPV”) FACILITIES VIA THE ONLINE MEETING PLATFORM AT [HTTPS://AGM.DIGERATI.COM.MY/PASB-ONLINE](https://AGM.DIGERATI.COM.MY/PASB-ONLINE) PROVIDED BY DIGERATI TECHNOLOGIES SDN BHD IN MALAYSIA (DOMAIN REGISTRATION NUMBER D1A119533) ON WEDNESDAY, 04 AUGUST 2021 AT 9.00 AM

Present : Directors
Leow Chan Kiang (In the Chair)
Tuan Haji Mohamed Haniffah Bin S.M. Mydin
Tan Soo Mooi
Loh Kok Beng
Loh Kok Cheng
Loh Joo Eng
Loh Eng Chun

Senior Management
Lim Li Ming (Deputy General Manager)
Look Fong Lian (Accountant)
Loh Jia Wooi (PA to Managing Director)

By Invitation
Lee Yoke Wah (Independent Adviser, M&A Securities Sdn Bhd)
Adrian Lim Chia Siang (Independent Adviser, M&A Securities Sdn Bhd)
Halysa Nur Binti Hashimuddin (Independent Adviser, M&A Securities Sdn Bhd)
Lee Wen Tat (Valuer, Savills (Penang) Sdn Bhd)
Cheang Siow Voon (Independent Scrutineer, Quantegic Services Sdn Bhd)
Yap Chon Yoke (Independent Scrutineer, Quantegic Services Sdn Bhd)
Tai Yew Wong (Share Registrar, Plantation Agencies Sdn Berhad)
Kung Pei Chu (Secretarial agent, Corporatenet Sdn Bhd)
Alex Kong (System Technical Support, Digerati Technologies Sdn Bhd)
Jason Low (System Technical Support, Digerati Technologies Sdn Bhd)

Members/Proxy Holders/Corporate Representatives

Total number of members participated: 14
Total number of proxies (including chairman of the meeting appointed as proxy) participated: 4
Total number of corporate representatives participated: 0

In Attendance : Company Secretary
Ms. Riko P’ng

1. COMMENCEMENT

Mr. Leow Chan Kiang, the Chairman of the meeting welcomed all members, proxies and invited guests to the Company's EGM.

The Chairman informed that this EGM had to be conducted virtually via live streaming webcast and online remote voting as the entire nation is placed under a full Movement Control Order ("MCO") to break the chain of COVID-19 infection.

He then introduced his fellow Board members, the Company Secretary, the Independent Adviser and the Valuer who had participated in the EGM virtually from their respective locations.

The Chairman also highlighted that the Company has taken all efforts and tried its best to ensure a smooth live streaming, however the quality of the broadcast for the recipients may be affected by the participants' own internet bandwidth connection and stability.

With further ado, the Chairman called upon the Company Secretary to confirm the number of proxy forms received and the presence of a quorum for the Company's EGM.

The Company Secretary confirmed a total of 58 proxy forms were received within the prescribed period.

The Company Secretary also confirmed the presence of the requisite quorum as at the commencement of this meeting.

The requisite quorum being present, the Chairman called the Company's EGM to order at 9.00 am.

2. NOTICE OF MEETING

The Chairman informed members that the notice convening the Company's EGM had been sent to all members, Bursa Malaysia Securities Berhad, the Stock Exchange and Messrs. BDO PLT, the External Auditors of the Company in accordance with the Company's Constitution.

As there were no objections, the notice convening the EGM was taken as read.

In order to facilitate the flow of a virtual EGM, the Chairman informed members and proxies that Ms. Liang Geik Mei and Ms. Khoo Ai Lang who are members of the Company had offered themselves to be the Proposer and Secunder for the motion to be tabled for approval by members at this EGM.

The Chairman proceeded to inform members that pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Company's Constitution, the Ordinary Resolution No. 1 set out in the Notice of the EGM had to be voted upon by poll electronically.

The Chairman then declared a poll to be carried out on the Ordinary Resolution No. 1 set out in the Notice of the EGM.

He also reminded the interested parties namely Mr. Loh Kok Beng, Mr. Loh Kok Cheng, Madam Loh Joo Eng, Mr. Loh Eng Chun and/or persons connected to them, to abstain from voting in respect of their direct or indirect shareholdings in Tek Seng on the proposed resolution.

4. PROCEEDINGS OF FULLY VIRTUAL MEETING

The Company Secretary was invited to brief members on the proceedings of a fully virtual EGM.

She then explained on how questions may be raised during the meeting including the voting on the resolutions that could be done at any time throughout the meeting virtually until closure of the voting session.

The Company Secretary also informed members that Tek Seng had appointed the Share Registrar, Plantation Agencies Sdn Berhad as the Poll Administrator and Quantegic Services Sdn Bhd as the Independent Scrutineer to verify the poll results.

5. ORDINARY RESOLUTION 1 - PROPOSED ACQUISITION BY WANGSAGA INDUSTRIES SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF TEK SENG OF 54.91% UNDIVIDED SHARES OF A PARCEL OF INDUSTRIAL LAND FORMED BY NINE (9) ADJOINING LOTS AND A WAREHOUSE STRUCTURE FOR A CASH CONSIDERATION OF RM25,788,130.50 (“PROPOSED ACQUISITION”)

On the above agenda, Mr. Lee Yoke Wah, the representative of M&A Securities Sdn Bhd, the Independent Adviser briefed members on the following:

- i) Basis of arriving at the Purchase Consideration
- ii) Rationale of the Proposed Acquisition
- iii) Salient terms of Sale & Purchase Agreement
- iv) Industry overview and future prospects of the Proposed Acquisition
- v) Risk factors of the Proposed Acquisition
- vi) Effects of the Proposed Acquisition
- vii) Evaluation on the Nomination Agreement
- viii) Potential Advantages & Disadvantages

Based on the evaluation, the Independent Adviser was of the opinion that the terms of the Proposed Acquisition are fair and reasonable and are not detrimental to the interests of the non-interested shareholders of Tek Seng.

6. QUESTIONS AND ANSWERS SESSION

The Chairman informed that the Company had received questions from members prior to the EGM.

Mr. Loh Eng Chun, the Executive Director was invited to read out to members and proxies present, the Company’s responses to the questions which were shared to the meeting on the screen. Mr. Loh Eng Chun also read out the Company’s responses to the questions received from members and proxies during the EGM.

A summary of questions together with the responses by the Company and the Independent Adviser was annexed hereto as Appendix I.

7. ONLINE POLL VOTING

Given that the online voting was made accessible at the commencement of the meeting for members and proxies to cast and submit their votes in order to facilitate the polling process, members and proxies were then allowed another 3 minutes to cast and submit their votes online.

After all members and proxies had completed their voting during the stipulated time, the Chairman declared the voting closed.

He then informed members and proxies that the Independent Scrutineers would proceed to verify the poll results and that the said results would be announced the soonest possible.

The meeting was adjourned at 9.33 am for counting and verification of votes.

8. POLL RESULTS

The Company's EGM resumed at 9.35 am and the results of votes as confirmed and certified by Quantegic Services Sdn Bhd, the Independent Scrutineer were as follows:-

	Vote For		Vote Against	
	Shares	%	Shares	%
Ordinary Resolution 1 – Proposed Acquisition	23,315,333	100	-	-

The Chairman read the poll results and declared the following resolution tabled at the EGM was unanimously carried:-

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION BY WANGSAGA INDUSTRIES SDN BHD (“WISB”), A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY OF 54.91% UNDIVIDED SHARES OF A PARCEL OF INDUSTRIAL LAND FORMED BY NINE (9) ADJOINING LOTS (“LAND”) AND A WAREHOUSE STRUCTURE FOR A CASH CONSIDERATION OF RM25,788,130.50 (“PROPOSED ACQUISITION”)

“THAT the approval is given for Company to acquire 54.91% undivided shares of the Land from Limsa Ekuiti Sdn Bhd (“Vendor”) for a purchase consideration of RM25,788,130.50 to be wholly satisfied in cash, subject to the terms and conditions of the Conditional Sale and Purchase Agreement dated 14 January 2021 (“SPA”) entered into between WISB and Tek Seng Properties & Development Sdn Bhd (collectively, the “Purchasers”) and the Vendor in relation to the Proposed Acquisition.

THAT the terms and conditions of the Nomination Agreement dated 22 April 2021 entered into between WISB and Ganjaran Wawasan Sdn Bhd for the purpose of nominating Ganjaran Wawasan Sdn Bhd to take over the obligations of WISB as purchaser in the SPA be hereby approved and confirmed.

THAT the Board be and is hereby authorised to act for and on behalf of the Company, to give effect to the Proposed Acquisition with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required, and to deal with all matters relating thereto and to enter into all such agreements, arrangements, undertakings, indemnities, transfer and assignments with any party or parties and to take all steps and to do all acts and things in any manner as the Board may deem necessary and expedient to implement, finalise, give full effect to and complete the Proposed Acquisition in the best interest of the Company.”

9. TERMINATION

The EGM was declared closed at 9.36 am with a vote of thanks to the Chair.

CONFIRMED CORRECT,



LEOW CHAN KHIANG
Chairman

APPENDIX I



TEK SENG HOLDINGS BERHAD
Registration No. 200201011909 (579572-M)
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED

SUMMARY OF KEY MATTERS DISCUSSED AT THE FULLY VIRTUAL EXTRAORDINARY GENERAL MEETING OF TEK SENG HOLDINGS BERHAD (“**TEK SENG**” OR “**THE COMPANY**”) HELD THROUGH LIVE STREAMING AND ONLINE PARTICIPATION AND VOTING USING REMOTE PARTICIPATION AND VOTING FACILITIES VIA THE ONLINE MEETING PLATFORM AT [HTTPS://AGM.DIGERATI.COM.MY/PASB-ONLINE](https://agm.digerati.com.my/pasb-online) PROVIDED BY DIGERATI TECHNOLOGIES SDN BHD IN MALAYSIA (DOMAIN REGISTRATION NUMBER D1A119533) ON WEDNESDAY, 04 AUGUST 2021 AT 9.00 AM

Key matters discussed at the EGM are summarised as follows:

- 1) **Why did Wangsaga Industries Sdn Bhd (“WISB”) jointly purchase with Tek Seng Properties Development Sdn Bhd (“TPSB”) instead of buying the entire Land since Tek Seng has the cash flow capability?**

Answer: WISB only requires 54.91% of the parcel of industrial land formed by 9 adjoining lots, measuring approximately 853,863 square feet, held under Geran Mukim 996, 997, 998, 988, 989, 991, 992, 993 and 994, Lot Nos. 324, 640, 642, 1504, 1505, 1664, 1667, 1669 and 1702, all within Mukim 14, Daerah Seberang Perai Tengah, Negeri Pulau Pinang (“**Land**”) with the intention to build a manufacturing plant of approximately 187,000sqft, hostel facility measuring approximately 45,000sqft for its foreign workers which also includes a loading bay, parking area, internal road and sewage treatment plant which would take up only 54.91% of the Land.

WISB does not have any plan on the balance of 45.09% of the Land, hence, the Company do not wish to incur additional cost to acquire the balance of 45.09% of the Land, which may cause a negative carrying in the books and lead to loss of opportunity cost for other business decision.

Upon the request of WISB, TPSB had agreed to become co-purchaser to acquire the Land with the agreed portion.

- 2) **Why did WISB choose the rear portion of the Land?**

Answer: WISB had chosen the rear portion of the Land as it consist of a Warehouse structure (about 41,979 sq ft). With this warehouse, WISB is able to save approximately RM5.0 million in construction cost. In addition, the front portion of the Land is very near to a petrol station which may not be ideal for a manufacturing plant due to safety and environment issue.

3) What is the rationale and benefits of the proposed acquisition?

Answer: The Land is a freehold title and is located within the vicinity of the existing plant which is approximately 3.4km or 5 mins drive away from the existing plant. The Company intends to expand the manufacturing business and construct hostel facility for its foreign workers. The Group is expected to have 30% increase in production and would be able to save up to RM0.6 million per annum for the hostel.

4) What is the utilisation rate for the existing Plant?

Answer: Company had fully occupied the existing Plant in Bukit Minyak.

5) After the Acquisition, Tek Seng's cashflow is sufficient for dividend pay-out?

Answer: Tek Seng's cash flow remains very healthy and it will remain the same after acquisition. The acquisition will not affect the dividend pay-out (if any).

6) Is WISB paying fair price on the rear portion of the Land as the Vendor's valuation is lower compared to Tek Seng?

Answer: According to the Valuer, as long as the access/easement is granted, the value should be maintained as per valuation report (RM55/sq ft). However the difference in figures is approximately RM1.5 million which will be offset by reusing the warehouse structure of a gross area of 41,979 sf.

7) Page 3 to Part A of the Circular, Section 2: It is stated that with the existing Warehouse, WISB is able to save approximately RM5.0 million in construction cost. However, in Page 2 to the Valuation Certificate, it is stated that the said Warehouse was constructed without any approval and has not been issued with a certificate of fitness for occupation and certificate of completion and compliance. My question is that whether WISB will continue to use the Warehouse which is an illegal structure, or to demolish the Warehouse and incur the said RM5.0 million construction cost subsequently?

Answer: WISB intend to incorporate the existing structure of the warehouse into new submission and fit into the construction plan. WISB will apply for approval and certificate of fitness for occupation and certificate of completion and compliance for the usage of the warehouse once the construction is completed. As such, the Company is able to save the construction cost approximately RM5.0 million by reusing the existing structure of the Warehouse.

- 8) **Page 8 to Part A of the Circular, Section 2.3.2 Manner of Payment, subsection (d)(i): The balance of the Purchase Price shall be paid in full by the Purchasers within 3 months from the Unconditional Date or 6 months from the date of SPA, whichever is later. The SPA dated 14 January 2021 became unconditional following the Vendors' shareholders' approval on 31 March 2021. Hence, the balance Purchase Price should have been paid by 13 July 2021 ie. at the end of the 6th month from date of SPA. Why the Company only seeks the shareholders' approval after expiry of the time stipulated? What is the impact of late completion to Tek Seng?**

Answer: Due to the outbreak of disease such as COVID-19, both parties had mutually agreed to extend the completion date of the Sale and Purchase Agreement free of interest to 10 August 2021.

- 9) **Could the Management provide a snapshot of the latest financial strengths of TPSB (joint-purchaser) and GWSB (nominee) as to whether they have the necessary funding to complete the acquisition?**

Answer: The management is unable to provide the snapshot of the latest financial strengths of TPSB (joint-purchaser) and Ganjaran Wawasan Sdn Bhd (nominee) as it is a different entity, and is not under Tek Seng Group.

TPSB to decide if the funding shall be via internally generated fund or bank borrowings. The Management believe that TPSB had done a feasibility study on its own financial planning prior to the purchase.

- 10) **Page 10 to the Independent Advice Letter stated that WISB and TPSB has made an arrangement that no payment shall be required by WISB to TPSB on the buildings constructed on the Land. Hence, this will facilitate the construction of the additional manufacturing plant and hostel facility without incurring additional rental cost. Is this arrangement being undertaken on an arm's length basis and on normal commercial terms?**

Answer: This arrangement is mutually agreed by both parties – WISB and TPSB being the joint owners of the Land, whilst pending for the approval of the local authority for the amalgamation and subdivision of the Land.

The arrangement is reasonable and is not detrimental to Tek Seng, as the arrangement is in the best interest of Tek Seng.

- 11) **Has WISB been allowed to construct hostel for its workers?**

Answer: This had been adopted by many manufacturing companies but there is a requirement to apply for a certificate of accommodation that complies with the living standards for foreign workers. The Management would seek the advice of external consultant to ensure the facility is in compliance with the relevant governmental authorities' rules and regulations.

12) What is the estimate construction cost and completion date of the proposed construction?

Answer: This will be carried out stage by stage. Upon the approval of the shareholders at the EGM, the land should take around 6 months to be cleared and the further construction is very much dependent on the approval of external factors i.e. local authorities.

The Company is unable to estimate a total cost for the construction as materials prices have been fluctuating throughout the pandemic. Furthermore, the amalgamation and subdivision of land will take certain time frame as well. The management is looking at a timeframe of 1-2 years provided that the situation does not worsen.

13) What is the source of funding? Will company go for equity fund raising or bank borrowings?

Answer: At the current planning, the investment cost will be fully funded through internal funds. However, the management is also looking at the possibility of securing bank borrowings in view of the current low interest rate. The breakdown of such funding will be determined after taking into consideration Tek Seng Group's gearing level, interest costs and cash reserves.

14) What is TPSB's intended development on the front portion of the Land?

Answer: At this juncture TPSB has yet to determine the use of the 45.09% shares of the Land.

15) Any door gift for those that have participated in the EGM?

Answer: The Company has not given any door gift.