

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

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Shareholders should rely on their own evaluation to assess the merits and risks of the proposals set out herein.



TDM BERHAD

[Registration No. 196501000477 (6265-P)]
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

PART A

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

PART B

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

AND

IN CONJUNCTION WITH THE SPECIAL BUSINESS AT THE FIFTY-EIGHTH (58TH) ANNUAL GENERAL MEETING

The resolution pertaining to the above proposal is set out in the Notice of the Fifty-Eighth (58th) Annual General Meeting ("AGM") of TDM Berhad ("Company"). The Notice convening the 58th AGM of TDM Berhad ("TDM" or "the Company"), which will be held at **Elsyum Skybridge, Level 3, Menara B, KTCC Drawbridge, Jalan Sultan Zainal Abidin, Kampung Tanjung Pantai, 20000 Kuala Terengganu, Terengganu** on **Thursday, 8 June 2023 at 11.00 a.m.**, or at any adjournment thereof, together with the Proxy Form are set out in the 2022 Annual Report of the Company.

A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf. If you decide to appoint a proxy(ies) to attend and vote on your behalf at the AGM, the Form of Proxy should be completed and lodged at the office of our Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd., at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the meeting or at any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

Last date and time for lodging the Proxy Form : Tuesday, 6 June 2023 at 11.00 am

Date and time of AGM : Thursday, 8 June 2023 at 11.00 am

Venue of AGM : Elsyum Skybridge, Level 3, Menara B, KTCC Drawbridge,
Jalan Sultan Zainal Abidin, Kampung Tanjung Pantai,
20000 Kuala Terengganu, Terengganu

This Circular is dated 27 April 2023

PART A

**CIRCULAR TO SHAREHOLDERS IN RELATION TO
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR
RECURRENT RELATED PARTY TRANSACTIONS OF A
REVENUE OR TRADING NATURE**

DEFINITIONS

For the purposes of this Circular, except where the context otherwise requires, the following definitions shall apply:

Act	: Companies Act 2016, as amended from time to time including any re-enactment thereof.
AGM	: Annual General Meeting
Board	: Board of Directors of TDM
Bursa Depository	: Bursa Malaysia Depository Sdn. Bhd. [Registration No. 198701006854 (165570-W)]
Bursa Securities	: Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
Circular	: This Part A of the Circular to shareholders dated 27 April 2023 in relation to the Proposed Renewal of Shareholders' Mandate
CMSA	: Capital Market and Services Act 2007, as amended from time to time including any re-enactment thereof
Director	: Director has the meaning given in Section 2 of the Act and Section 2(1) of the CMSA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon – i) a director of the listed corporation, its subsidiary or holding company; or ii) a chief executive of the listed corporation, its subsidiary or holding company
FYE	: Financial year ended/ending
KLLT	: Kumpulan Ladang-Ladang Trengganu Sdn. Bhd. [Registration No. 197201001372 (13017-V)] a 100% wholly-owned subsidiary of TDM.
Listing Requirements	: Bursa Securities Main Market Listing Requirements, including any amendments thereto that may be made from time to time
LPD	: 27 March 2023, being the latest practicable date prior to the printing of this Circular.
Major Shareholder	: Any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed corporation as defined under Rule 1.01 or any other corporation which is its subsidiary or holding company.
“Market Day”	: A day on which Bursa Securities is open for trading in securities

DEFINITIONS (CONT'D)

Person(s) connected	<p>In relation to a Director or Major Shareholder, means such person who falls under any one (1) of the following categories:-</p> <ul style="list-style-type: none">(i) a family member of the Director or Major Shareholder (for the purpose of this definition, “family” means and includes spouse, parent, child including an adopted child and stepchild, brother or sister, spouse of child including an adopted child and step-child, and spouse of brother or sister);(ii) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director, Major Shareholder or their family member, is the sole beneficiary;(iii) a partner of the Director or Major Shareholder, or a partner of a person connected with that Director or Major Shareholder;(iv) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;(v) a person, or where the person is a body corporate, the body corporate or its directors whose directions, in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;(vi) a body corporate in which the Director, Major Shareholder or persons connected with them are entitled to exercise or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or(vii) a body corporate which is a related corporation (for the purpose of this definition, “related corporation” means a corporation which is the holding company of another corporation; a subsidiary of another corporation; or a subsidiary of the holding company of another corporation) of the Director or Major Shareholder.
PMINT	: Perbadanan Memajukan Iktisad Negeri Terengganu is a Terengganu Government-Owned Corporation and was established on 1 April 1965 under the State Government Enactment (Bil.3/1965).
Proposed renewal of Shareholders’ mandate	: Proposed renewal of existing shareholder mandate for RRPT of a revenue or trading nature.
Recurrent Related Party Transaction(s) or “RRPT”	: Recurrent Related Party Transaction(s) of a revenue or trading nature, which are recurrent and which is necessary for the day-to-day operations and are in the ordinary course of business of the Group.
Related Party(ies)	: Director(s), Major Shareholder(s) and/or Person(s) Connected with such Director(s) and/or Major Shareholder(s).

DEFINITIONS (CONT'D)

Related Party Transaction(s)	: Transaction(s) entered into by TDM Group which involve(s) the interest, direct or indirect, of the Related Party(ies)
RM and sen	: Ringgit Malaysia and sen respectively
TDM or the Company	: TDM Berhad [Registration No. 196501000477 (6265-P)]
TDM Group or Group	: TDM and its subsidiary companies, collectively
TDM Share(s) or Share(s)	: Ordinary share(s) in the Company
TISB	: Terengganu Incorporated Sdn. Bhd. [Registration No. 200601005493 (725242-P)]

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any references to “the Company” and “TDM” in this Circular are made to TDM, and all references to “the Group” and “TDM Group” are made to the Company and its subsidiary companies. All references to “we”, “us” and “our” are made to the Company, save and where the context otherwise requires, shall include its subsidiaries.

All references to “you” in this Circular are to the shareholders of TDM.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

Any discrepancies in the tables included in this Circular between the amounts listed, the actual figures and the totals thereof are due to rounding.

LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE CONTAINING:

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TDM BERHAD
[Registration No. 196501000477 (6265-P)]
(Incorporated in Malaysia)

Registered Office:
Wisma TDM
443D, Jalan Kamaruddin
20400 Kuala Terengganu
Terengganu Darul Iman

27 April 2023

Board of Directors

1. YBM Tengku Seri Bijaya Raja
(Datuk Tengku Farok Hussin bin Tengku Abdul Jalil) (Non-Independent & Non-Executive Chairman)
2. Haji Mazli Zakuan bin Mohd Noor (Non-Independent & Non-Executive Director)
3. Haji Burhanuddin Hilmi bin Mohamed @ Harun (Non-Independent & Non-Executive Director)
4. Haji Azlan bin Md Alifiah (Independent & Non-Executive Director)
5. Encik Mohd Kamaruzaman bin A Wahab (Independent & Non-Executive Director)
6. Haji Samiun bin Salleh (Non-Independent & Non-Executive Director)
7. Haji Najman bin Kamaruddin (Executive Director)

To: Our Shareholders

Dear Sir/Madam,

TDM BERHAD

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

At the Company's AGM held on 23 June 2022, the Company had obtained a shareholders' mandate for recurrent related party transactions ("RRPT") of a revenue or trading nature ("Existing Mandate") which are necessary for the day-to-day operations of TDM Group, with certain classes of related parties.

The Existing Mandate, shall in accordance with the Listing Requirements, expire at the conclusion of the forthcoming AGM of the Company, scheduled for 8 June 2023, unless it is renewed at the said AGM.

On 27 April 2023, the Board announced that TDM is proposing to seek your approval for the renewal of the Proposed Shareholders' Mandate.

The purpose of this Circular is to provide you with the relevant information on the Proposed Renewal of Shareholders' Mandate as well as to seek your approval for the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM.

The Fifty-Eighth (58th) AGM of the Company is scheduled to be held at **Elsyum Skybridge, Level 3, Menara B, KTCC Drawbridge, Jalan Sultan Zainal Abidin, Kampung Tanjung Pantai, 20000 Kuala Terengganu, Terengganu** on **Thursday, 8 June 2023 at 11.00 a.m.**, or at any adjournment thereof, together with the Proxy Form are set out in the 2022 Annual Report of the Company.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO BE TABLED AT THE COMPANY'S FORTHCOMING FIFTY-EIGHTH (58th) AGM.

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2. BACKGROUND

KLLT had on 7 February 2018 entered into a four (4) conditional lease agreements with PMINT as follows:-

- (a) a conditional supplemental agreement to the lease agreement dated 8 December 1965 (“Principal Lease Agreement”) for the renewal of lease for approximately 25,260.1849 acres of lands (after netting off land that has been compulsorily acquired) held under titles QT(R) Kemaman 1 Lot/PT. PTK 198/65, QT(R) Kemaman 2 Lot/PT. PTK 198/65, QT(R) Kemaman 3 Lot/PT. PTK 198/65, QT(R) Kemaman 4 Lot/PT. PTK 198/65, QT(R) Kemaman 11 Lot/PT.L.O. 28, QT(R) Kemaman 12 Lot/PT. L.O. 29 and QT(R) Kemaman 13 Lot/PT. L.O. 30 all located in the Mukim of Bundi or Tebak (whichever is applicable) in the District of Kemaman, Terengganu (“Kemaman Lands”) for a second term of forty six (46) years (“Lease Renewal Agreement”);
- (b) a formalisation of conditional lease agreement for approximately 4,167.7174 acres of lands held under titles GM 1533 Lot 54, GM 1546 Lot 94, GM 617 Lot 97, GM 3157 Lot 1140, GM 3158 Lot 1141, GRN 8684 Lot 3040, GRN 8685 Lot 3041 and GRN 16181 Lot 10237 all located in the Mukim of Hulu Nerus in the District of Setiu, Terengganu (“Setiu Lands”) (“Setiu Lease Formalisation Agreement”);
- (c) a formalisation of conditional lease agreement for approximately 2,653.9548 acres of lands held under titles PN 669 Lot 37 & 204 and PN 825 Lot 1157 all located in the Mukim of Penghulu Diman in the District of Hulu Terengganu, Terengganu (“Hulu Terengganu Lands”) (“Hulu Terengganu Lease Formalisation Agreement”); and
- (d) a formalisation of conditional lease agreement for approximately 28.2689 acres of land held under title PN 3380, Lot 2523 located in the Mukim of Tebak in the District of Kemaman, Terengganu (“PN 3380, Lot 2523”) (“PN 3380, Lot 2523 Lease Formalisation Agreement”).

The Kemaman Lands, Setiu Lands, Hulu Terengganu Lands and PN 3380, Lot 2523 shall collectively be referred to as the “Subject Properties”.

The Setiu Lease Formalisation Agreement, Hulu Terengganu Lease Formalisation Agreement and PN 3380, Lot 2523 Lease Formalisation Agreement shall collectively be referred to as the “Lease Formalisation Agreements”.

The above signing of Lease Renewal Agreement and Lease Formalisation Agreements would provide certainty to the Group’s core business.

3. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE

3.1 Provisions under the Listing Requirements

Paragraph 10.09(2) of the Listing Requirements provides that with regard to related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations of a listed issuer or its subsidiaries, the listed issuer may seek a shareholders’ mandate in respect of such transactions subject to the following:

- (i) the transactions are in the ordinary course of business and are on the terms not more favourable to the related party than those generally available to the public;

3. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (CONT'D.)

3.1 Provisions under the Listing Requirements (cont'd.)

Paragraph 10.09(2) of the Listing Requirements provides that with regard to related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations of a listed issuer or its subsidiaries, the listed issuer may seek a shareholders' mandate in respect of such transactions subject to the following: (cont'd.)

- (ii) the shareholder mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the below threshold in relation to a listed issuer with a share capital of RM60 million and above:-
 - (a) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
 - (b) the percentage ratio of such RRPT is 1% or more,whichever is the higher;
- (iii) the issuance of a circular to shareholders by the listed issuer, which includes the information as may be prescribed by Bursa Securities, together with a checklist showing compliance with such information when submitting the circular to Bursa Securities;
- (iv) in a meeting to obtain shareholders' mandate, the interested Director, interested Major Shareholder or interested Person Connected to a Director or Major Shareholder and where the interest of an interested Person Connected to a Director or Major Shareholder is involved, such Director or Major Shareholder, must not vote on the resolution approving the transactions and an interested Director or interested Major Shareholder must ensure that Persons Connected with him abstain from voting on the resolution approving the transactions; and
- (v) the Company immediately announces to Bursa Securities when the actual value of a Recurrent Related Party Transaction entered into by the Company, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in this Circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where the Company has procured its shareholders' mandate pursuant to the Listing Requirement, the provisions of Rule 10.08, Part E of Chapter 10 of the Listing Requirements shall not apply during the period of validity of the shareholders' mandate.

Accordingly, the Board proposes to seek your approval for the Proposed Renewal of Shareholders' Mandate. The Proposed Shareholder Mandate will allow the TDM Group, in the ordinary course of business, to enter into the RRPT referred to in Section 3.6 with the Related Party, provided that such transactions are made at arms' length, on the Group's normal commercial terms and on terms not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders of TDM.

3. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (CONT'D.)

3.2 Validity of the Proposed Shareholders' Mandate

The authority to be conferred pursuant to the Proposed Shareholders' Mandate, if approved by the shareholders, shall take effect from the passing of the ordinary resolution proposed at the forthcoming Fifty-Eighth (58th) AGM and shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the AGM at which such Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution past at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

3.3 Disclosure in Annual Report

Disclosure will be made in the Annual Report of the Company of the aggregate value of the RRPT based on the type of transactions, the names of the Related Parties and their relationship with the Company pursuant to the Proposed Shareholders' Mandate in the Annual Report of the Company in the subsequent year during which the Proposed Shareholders' Mandate is in force.

3.4 Classes of Related Parties

The Proposed Shareholders' Mandate will apply to the following classes of Related Parties:

- (a) Directors;
- (b) Major Shareholders; and
- (c) Persons Connected with the Directors and/or Major Shareholders.

3. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (CONT'D.)

3.5 Principal Activities of TDM Group

The Company is principally engaged in investment holding activities and the provision of management services and cultivation of oil palms.

The particulars of the subsidiaries of TDM and their principal activities are as follows:

Subsidiaries	Country of Incorporation	% held	Principal activities
TDM Plantation Sdn. Bhd.	Malaysia	100	Management of oil palm plantation, processing and trading of palm oil and related products.
Kumpulan Ladang-Ladang Trengganu Sdn. Bhd.	Malaysia	100	Cultivation of oil palms, trading of palm oil and other related products.
TDM Trading Sdn. Bhd.	Malaysia	100	Trading of crude palm oil and other related products.
TDM Capital Sdn. Bhd.	Malaysia	100	Investment holding, trading, cultivation of oil palms and other related products.
TDM-YT Plantation Sdn. Bhd.	Malaysia	70	Cultivation of oil palms and trading of fresh fruit bunches, crude palm oil and palm kernels.
TDM Agrobiz Sdn. Bhd.	Malaysia	100	Agricultural activities for crop production on a fee or contract basis.
Kumpulan Medic Iman Sdn. Bhd.	Malaysia	99.28	Investment holding and provision of consultancy and management services to specialist medical centres.
PT Rafi Kamajaya Abadi	Indonesia	93.75	Cultivation of oil palms, trading of palm oil and other related products.
PT Sawit Rezki Abadi	Indonesia	95	Cultivation of oil palms, trading of palm oil and other related products.
Kumpulan Mediiman Sdn. Bhd.	Malaysia	95.01	Dormant.
TD Gabongan Sdn. Bhd.	Malaysia	51	Dormant.
Kemaman Capital Sdn. Bhd.	Malaysia	100	Dormant.

3. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (CONT'D.)

3.5 Principal Activities of TDM Group (cont'd.)

Subsidiaries	Country of Incorporation	% held	Principal activities
Held by Kumpulan Medic Iman Sdn. Bhd.			
Kuantan Medical Centre Sdn. Bhd.	Malaysia	92.33	Specialist medical centre.
Kelana Jaya Medical Centre Sdn. Bhd.	Malaysia	99.54	Specialist medical centre.
Kuala Terengganu Specialist Hospital Sdn. Bhd.	Malaysia	100	Specialist medical centre.
TDMC Hospital Sdn. Bhd.	Malaysia	100	Specialist medical centre.
KMI Tawau Medical Centre Sdn. Bhd.	Malaysia	100	Specialist medical centre.
KMI Chukai Medical Centre Sdn. Bhd.	Malaysia	100	Medical centre.
KMI Ambulatory Care Centre Sdn. Bhd.	Malaysia	100	Ambulatory care centre.
KMI Tunjong Medical Centre Sdn. Bhd.	Malaysia	100	Medical centre.
KMI Assets Sdn. Bhd.	Malaysia	100	Facility management and maintenance, assets management and real estates.

It is envisaged that, in the normal course of the Group's businesses, transactions of a revenue or trading nature between the companies in TDM Group and the Related Parties which are necessary for its day-to-day operations. The details of the Recurrent Related Party Transactions under the Proposed Renewal Shareholders' Mandate are set out in Section 3.6 of this Circular.

3. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (CONT'D.)

3.6 Nature of the RRPT and Class of Related Party

3.6.1 The class and nature of the Recurrent Related Party Transactions of the Group are as follows:

No.	Transacting party within the Group	Transacting Related Parties	Interested Related Parties	Nature of transactions	Existing Mandate		Estimated value of the RRPT for the Proposed Renewal of Shareholders' Mandate from 8 June 2023 (date of 58 th AGM) to the next AGM (RM)
					Estimated value of the RRPT as disclosed in the preceding year's Circular to Shareholders dated 28 April 2022 (RM)	Actual Value transacted from the date of the last AGM on 23 June 2022 to LPD (27 March 2023) (RM)	
1.	KLLT	PMINT ⁽¹⁾	<ul style="list-style-type: none"> TISB who is a major shareholder of TDM and is deemed interest in the Proposals by virtue of TDM undertaking the Proposals with PMINT, being a person connected to TISB. YBM Tengku Seri Bijaya Raja (Datuk Tengku Farok Hussin bin Tengku Abdul Jalil) is the Non-Independent & Non-Executive Director/ Chairman of TDM, a Non-Independent & Non-Executive Director of TISB and Deputy Chairman of PMINT. Haji Mazli Zakuan bin Mohd Noor is the Non-Independent & Non-Executive Director of TDM and a Non-Independent & Non-Executive Director of TISB. Haji Burhanuddin Hilmi bin Mohamed @ Harun is the Non-Independent & Non-Executive Director of TDM and a President & Executive Director of TISB. 	Lease/rental of Kemaman Lands	3,814,000.00 ⁽²⁾	3,814,000.00	3,814,000.00 ⁽²⁾

3. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (CONT'D.)

3.6 Nature of the RRPT and Class of Related Party (cont'd.)

3.6.1 The class and nature of the Recurrent Related Party Transactions of the Group are as follows: (cont'd.)

No.	Transacting party within the Group	Transacting Related Parties	Interested Related Parties	Nature of transactions	Existing Mandate		Estimated value of the RRPT for the Proposed Renewal of Shareholders' Mandate from 8 June 2023 (date of 58 th AGM) to the next AGM (RM)
					Estimated value of the RRPT as disclosed in the preceding year's Circular to Shareholders dated 28 April 2022 (RM)	Actual Value transacted from the date of the last AGM on 23 June 2022 to LPD (27 March 2023) (RM)	
2.	KLLT	PMINT ⁽¹⁾	<ul style="list-style-type: none"> TISB who is a major shareholder of TDM and is deemed interest in the Proposals by virtue of TDM undertaking the Proposals with PMINT, being a person connected to TISB. YBM Tengku Seri Bijaya Raja (Datuk Tengku Farok Hussin bin Tengku Abdul Jalil) is the Non-Independent & Non-Executive Director/ Chairman of TDM, a Non-Independent & Non-Executive Director of TISB and Deputy Chairman of PMINT. Haji Mazli Zakuan bin Mohd Noor is the Non-Independent & Non-Executive Director of TDM and a Non-Independent & Non-Executive Director of TISB. Haji Burhanuddin Hilmi bin Mohamed @ Harun is the Non-Independent & Non-Executive Director of TDM and a President & Executive Director of TISB. 	Lease/rental of Setiu Lands	663,000.00 ⁽²⁾	663,000.00	663,000.00 ⁽²⁾

3. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (CONT'D.)

3.6 Nature of the RRPT and Class of Related Party (cont'd.)

3.6.1 The class and nature of the Recurrent Related Party Transactions of the Group are as follows: (cont'd.)

No.	Transacting party within the Group	Transacting Related Parties	Interested Related Parties	Nature of transactions	Existing Mandate		Estimated value of the RRPT for the Proposed Renewal of Shareholders' Mandate from 8 June 2023 (date of 58 th AGM) to the next AGM (RM)
					Estimated value of the RRPT as disclosed in the preceding year's Circular to Shareholders dated 28 April 2022 (RM)	Actual Value transacted from the date of the last AGM on 23 June 2022 to LPD (27 March 2023) (RM)	
3.	KLLT	PMINT ⁽¹⁾	<ul style="list-style-type: none"> TISB who is a major shareholder of TDM and is deemed interest in the Proposals by virtue of TDM undertaking the Proposals with PMINT, being a person connected to TISB. YBM Tengku Seri Bijaya Raja (Datuk Tengku Farok Hussin bin Tengku Abdul Jalil) is the Non-Independent & Non-Executive Director/ Chairman of TDM, a Non-Independent & Non-Executive Director of TISB and Deputy Chairman of PMINT. Haji Mazli Zakuan bin Mohd Noor is the Non-Independent & Non-Executive Director of TDM and a Non-Independent & Non-Executive Director of TISB. Haji Burhanuddin Hilmi bin Mohamed @ Harun is the Non-Independent & Non-Executive Director of TDM and a President & Executive Director of TISB. 	Lease/rental of Hulu Terengganu Lands			
				PN 669, Lot 37 & 204	194,000.00 ⁽²⁾	194,000.00	194,000.00 ⁽²⁾
				PN 825, Lot 1157	228,000.00 ⁽²⁾	228,000.00	228,000.00 ⁽²⁾

3. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (CONT'D.)

3.6 Nature of the RRPT and Class of Related Party (cont'd.)

3.6.1 The class and nature of the Recurrent Related Party Transactions of the Group are as follows: (cont'd.)

No.	Transacting party within the Group	Transacting Related Parties	Interested Related Parties	Nature of transactions	Existing Mandate		Estimated value of the RRPT for the Proposed Renewal of Shareholders' Mandate from 8 June 2023 (date of 58 th AGM) to the next AGM (RM)
					Estimated value of the RRPT as disclosed in the preceding year's Circular to Shareholders dated 28 April 2022 (RM)	Actual Value transacted from the date of the last AGM on 23 June 2022 to LPD (27 March 2023) (RM)	
4.	KLLT	PMINT ⁽¹⁾	<ul style="list-style-type: none"> TISB who is a major shareholder of TDM and is deemed interest in the Proposals by virtue of TDM undertaking the Proposals with PMINT, being a person connected to TISB. YBM Tengku Seri Bijaya Raja (Datuk Tengku Farok Hussin bin Tengku Abdul Jalil) is the Non-Independent & Non-Executive Director/ Chairman of TDM, a Non-Independent & Non-Executive Director of TISB and Deputy Chairman of PMINT. Haji Mazli Zakuan bin Mohd Noor is the Non-Independent & Non-Executive Director of TDM and a Non-Independent & Non-Executive Director of TISB. Haji Burhanuddin Hilmi bin Mohamed @ Harun is the Non-Independent & Non-Executive Director of TDM and a President & Executive Director of TISB. 	Lease/rental of land PN 3380, Lot 2523	4,000.00 ⁽²⁾	4,000.00	4,000.00 ⁽²⁾
TOTAL					4,903,000.00	4,903,000.00	4,903,000.00

Notes:

- (1) *PMINT is a Terengganu government-owned corporation and was established on 1 April 1965 under the State Government Enactment (Bil.3/1965). PMINT was established as the main state agency to implement and to accelerate socio-economic growth in the state of Terengganu. As at LPD, the directors of PMINT are as follows:*

No	Name	Designation
1.	YAB Dato' Seri Dr. Ahmad Samsuri bin Mokhtar	Chairman
2.	YBM Tengku Seri Bijaya Raja (Datuk Tengku Farok Hussin bin Tengku Abdul Jalil)	Deputy Chairman
3.	YB Dato' Dr. Haji Alias bin Razak	Director
4.	YB Dr. Haji Mamad bin Puteh	Director
5.	Y.Bhg. Dato' Zulkifli bin Ali	Director
6.	YB Dato' Haji Rozali bin Salleh	Director
7.	Y.Bhg. Dato' Haji Wan Abdul Mutalib @ Wan Musa bin Embong	Director
8.	Tuan Haji Abdul Kahar bin Abdul Latif	Director
9.	Encik Che Rahim bin Daud	Director
10.	Encik Mohd Shalemy bin Long Ahmad	Director

- (2) *The estimated value is based on the Lease Renewal Agreement and Lease Formalisation Agreements dated 7 February 2018 based on 12 months from 8 June 2023 until the next AGM. The estimated value is subject to changes if the actual AGM is held earlier or later than the expected date of the next AGM.*
- (3) *The Lease period of the Subject Properties exceeds three (3) years and the payment of annual rent is payable on the last day of the quarterly period of each financial year and not on a lump sum basis.*

3.6.2 The summary of term period for the lease of the Subject Properties shall be as follows:-

No.	Land	Lease Period
1	Kemaman Lands	139 years
2	Setiu Lands	198 years
3	Hulu Terengganu Lands	30 years & 40years
4	PN 3380, Lot 2523	57 years

The total annual rent of approximately RM4.9 million is payable on the last day of the quarterly period of each financial year of KLLT during the lease period ("Rental").

- 3.6.3 Save as disclosed in the above, the actual value of the above transactions that were transacted from the date on which the existing mandate was obtained at the last AGM of the Company i.e. 23 June 2022, up to LPD did not exceed the estimated value by 10% or more.

4. REVIEW PROCEDURES IN RELATION TO RECURRENT RELATED PARTY TRANSACTIONS

TDM Group has established various procedures to ensure that such Recurrent Related Party Transactions undertaken on an arm's length basis and on the Group's normal commercial terms and consistent with the Group's usual business practices and policies and on the transaction price and terms not more favourable to the Related Parties than those generally available to the public and will not be detrimental to the minority shareholders. There are no specific thresholds for approval of Recurrent Related Party Transactions within the Group. All Recurrent Related Party Transactions will be reviewed by the Audit Committee and approved by the Board.

Therefore, disclosure and approval procedures with regard to Recurrent Related Party Transactions are as follows:

- a) a list of the Related Parties will be established and circulated to the heads of each finance division within the Group, who shall monitor and ensure that all Recurrent Related Party Transactions to be entered into by the Group are reported and forwarded to the Audit Committee, who then ensures that the Recurrent Related Party Transactions are to be undertaken on an arm's length basis, on the Group's normal commercial terms, on terms which are not more favourable to the Related Parties other than those generally available to the public and which are not to be detrimental to the minority shareholders. These include transacting at prevailing market rates/prices of the service provider's usual commercial terms or otherwise in accordance with the applicable industry norm. Transactions refer to both sales and purchases of services of the Group;
- b) the Group is made to aware of the requirements to monitor, and shall put in place proper processes or systems to record and report on all Recurrent Related Party Transactions for compilation and reporting to the Audit Committee;
- c) proper records are maintained at the Company and each of its subsidiaries to capture all Recurrent Related Party Transactions so that all Recurrent Related Party Transactions entered pursuant to the mandate will be adequately discussed;
- d) all Recurrent Related Party Transactions will be reviewed by the Audit Committee on an annual basis. In its review of such transactions, the Audit Committee may, as it deems fit, request for additional information from independent source;
- e) the internal audit plan shall incorporate a review of Related Party Transactions to ensure that all the relevant approvals for the Recurrent Related Party Transactions have been obtained;
- f) the Audit Committee shall review, on an annual basis, the internal audit reports pertaining to the Recurrent Related Party Transactions to ascertain that the approved procedures and guidelines to monitor the Recurrent Related Party Transactions have been complied with;
- g) the Board and Audit Committee shall have overall responsibility for determination of the review procedures and guidelines including addition of new review procedures, where applicable. An annual review of the Recurrent Related Party Transactions procedures and guidelines will be carried out by the Audit Committee.

If during the annual review, the Audit Committee is of the view that the Recurrent Related Party Transactions procedures and guidelines are no longer valid or inadequate to ensure that the Recurrent Related Party Transactions are made on an arm's length basis on the Group's normal commercial terms, on terms not more favourable to the Related Parties than those generally available to the public and not to the detrimental of our minority shareholders, the Audit Committee shall have the discretion to discharge, vary, modify the existing procedures and guidelines or implement new or additional procedures and guidelines, without management's prior approval, provided that such amended, varied, modified, new or additional procedures and guidelines are no less stringent than the existing ones;

4. REVIEW PROCEDURES IN RELATION TO RECURRENT RELATED PARTY TRANSACTIONS (CONT'D.)

- h) at least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as a comparison to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities;
- i) in the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the pricing of any Recurrent Related Party Transactions entered into will be determined based on usual business practices and policies of the Group to ensure that the Recurrent Related Party Transactions are not detrimental to the Group;
- j) in accordance with the Listing Requirements, disclosure in relation to a breakdown of the aggregate value of the Recurrent Related Party Transactions entered into during the financial year based on amongst others, the following information:
 - i. the type of the Recurrent Related Party Transactions; and
 - ii. the names of the Related Parties involved in each type of Recurrent Related Party Transactions made and their relationship with the Company;

will be made in the Company's annual report for the financial year during which the shareholders' mandate are in force;

- k) where any Director or Audit Committee has an interest (directly or indirectly) in any Recurrent Related Party Transactions, he/she must declare his/her interest in the Recurrent Related Party Transactions and abstain from participation in the decision making of the Board or Audit Committee on the said Recurrent Related Party Transactions;
- l) pursuant to Paragraph 10.09 of the Listing Requirements, in a meeting to obtain the Proposed Renewal of Shareholders' Mandate, the interested Director, Major Shareholders or Persons Connected with them must not vote on the resolution in respect of the Recurrent Related Party Transactions; and where it involves the interest of an interested person connected with a Director or Major Shareholders, such Director or Major Shareholders must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with them will abstain from voting on the resolution approving the transactions; and
- m) interested Director shall also abstain from deliberating at Board meetings in respect of the Recurrent Related Party Transactions in which they or Persons Connected with them are interested.

5. AMOUNT DUE AND OWING TO TDM GROUP BY RELATED PARTIES

As at the LPD, there is no amount due and owing to TDM Group by its Related Parties.

6. STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee has reviewed the procedures of the Proposed Renewal of Shareholders' Mandate set out in Section 4 of this Circular and is of the view that the procedures are sufficient to ensure that the Recurrent Related Party Transactions are made on an arms' length basis on the Group's normal commercial terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The Audit Committee is of the further view that TDM Group has in place adequate procedures and processes to monitor, track and identify the Recurrent Related Party Transactions in a timely and orderly manner. The Audit Committee shall review these procedures and processes on a yearly basis or whenever the need arises.

7. DISCLOSURE

Disclosure will be made in the Company's Annual Report of the breakdown of the aggregate value of transactions conducted, types of transactions made, names of the related parties involved and their relationship with the Company pursuant to the Proposed Shareholders' mandate during the financial year in accordance with Paragraph 10.09(2) and Practice Note 12 of the Listing Requirements.

8. RATIONALE OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Related Party Transactions envisaged in the Proposed Renewal of Shareholders' Mandate are in the ordinary course of business and necessary for the day-to-day operations of TDM Group and recurring in nature. The Proposed Renewal of Shareholders' Mandate will eliminate the need to convene separate general meetings on each occasion to seek shareholders' prior approval for entry by TDM Group into such transactions.

This will substantially reduce the expenses associated with the convening of general meetings on an ad-hoc basis, improve administration efficiency and allow manpower resources and time to be channeled towards attaining other corporate objectives.

The Proposed Renewal of Shareholders' Mandate is intended to facilitate transactions entered into the ordinary course of business of TDM Group which are transacted from time to time with Related Parties at arm's length, on TDM Group's normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

9. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

Share capital

The Proposed Renewal of Shareholders' Mandate will not have any effect on the share capital of TDM as it does not involve any new issuance of TDM Shares.

Net assets ("NA"), NA per share and gearing

The Proposed Renewal of Shareholders' Mandate will not have any effect on the NA, NA per share and gearing of TDM Group.

9. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (CONT'D.)

Earnings and earnings per share ("EPS")

The Proposed Renewal of Shareholders' Mandate will not have material effect on the earnings and EPS of TDM as no change in the rental amount to be paid for the Subject Properties.

Notwithstanding, the earnings and EPS of TDM for the financial year ending 31 December 2023 will be dependent on the price of crude palm oil and other factors affecting revenue which will eventually determine the profitability of the Company.

Substantial shareholders' shareholdings

The Proposed Renewal of Shareholders' Mandate will not have any effect on the substantial shareholders' shareholdings in TDM as it does not involve any new issuance of TDM Shares.

10. APPROVAL REQUIRED

The Proposed Renewal of Shareholders' Mandate is subject to the shareholders' approval being obtained at the forthcoming AGM to be convened.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

TISB who is a major shareholder of TDM, is deemed to be interested in the Proposals by virtue of TDM undertaking the Proposals with PMINT, being a person connected to TISB.

TISB's direct and indirect shareholding in TDM as at the LPD is set out below:

No. of TDM shares			
Direct	%	Indirect	%
1,028,077,553	59.672	-	-

YBM Tengku Seri Bijaya Raja (Datuk Tengku Farok Hussin bin Tengku Abdul Jalil), Haji Mazli Zakuan bin Mohd Noor and Haji Burhanuddin Hilmi bin Mohamed @ Harun, Directors of TDM (collectively, "Interested Directors") who are Directors of TISB, are deemed interested in the Proposed Renewal of Shareholders' Mandate.

They have abstained and will continue to abstain from deliberating and voting on the Proposed Renewal of Shareholders' Mandate at the relevant Board meetings, nor will they make recommendations on the Proposed Renewal of Shareholders' Mandate at the AGM to be convened. The interested Directors have undertaken to ensure that the Persons Connected to them will abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the Proposed Renewal of Shareholders' Mandate at the AGM to be convened.

Save as disclosed, none of the directors, major shareholders of TDM and/or persons connected to them have any interest, direct and/or indirect, in the Proposed Renewal of Shareholders' Mandate.

The Board is not aware of any Persons Connected to the Directors or Major Shareholders has any interest, direct or indirect in the Proposed Renewal of Shareholders' Mandate.

12. STATEMENT BY DIRECTORS

The Board (save for the Interested Directors), having taken into consideration all aspects of the Proposed Renewal of Shareholders' Mandate including but not limited to the rationale and effects of the Proposed renewal of Shareholders' Mandate, and after careful deliberation, is of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interest of TDM. Accordingly, the Board with the exception of the Interested Directors who have abstained from expressing any recommendations in relation to the Proposed Renewal of Shareholders' Mandate, recommend that shareholders vote in favour of the resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM.

13. AGM

The resolution pertaining to the above proposal is set out in the Notice of the Fifty-Eighth (58th) Annual General Meeting ("AGM") of TDM Berhad ("Company"). The Notice convening the 58th AGM of TDM Berhad ("TDM" or "the Company"), which will be held at **Elsyum Skybridge, Level 3, Menara B, KTCC Drawbridge, Jalan Sultan Zainal Abidin, Kampung Tanjung Pantai, 20000 Kuala Terengganu, Terengganu on Thursday, 8 June 2023 at 11.00 a.m.**, or at any adjournment thereof, together with the Proxy Form are set out in the 2022 Annual Report of the Company.

A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf. If you decide to appoint a proxy(ies) to attend and vote on your behalf at the AGM, the Form of Proxy should be completed and lodged at the office of our Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd., at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan **not less than 48 hours before the time for holding the meeting or at any adjournment thereof.** The lodging of the Form of Proxy does not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

14. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix 1 of this Circular for further information.

Yours faithfully,
For and on behalf of the Board of Directors of
TDM BERHAD

HAJI AZLAN BIN MD ALIFIAH
Independent & Non-Executive Director

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information contained herein and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there is no statement or information in this Circular which is false or misleading or any fact, the omission of which would make any statement in this Circular false or misleading.

2. MATERIAL LITIGATIONS

As at the LPD, save for the following material litigations, neither the Company nor any of its subsidiaries are engaged in any material litigation, claims, or arbitration, either as plaintiff or defendant, and the Board is not aware of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business operations of the Group:-

2.1 Kuantan High Court of Malaya : CA-22NCVC-46-11/2019 Tunas Capital Sdn. Bhd. vs Kuantan Medical Centre Sdn. Bhd.

Plaintiff is claiming against Defendant for the sum of RM1,298,415.43 being rental arrears from September 2018 to September 2019 for building known as No 1-9, Jalan Tun Ismail 9, Kuantan, Pahang ("the said premise"). The Plaintiff also claims for the sum of RM187,420.00 being cost of repair and/or rectify the defect the said premise.

The court had fixed for a Case Management date on 12 April 2023 for the status of the Evidence Note (Nota Keterangan). Further to the Case Management, the Court has now further fixed this matter on 11 May 2023 for Mention.

The directors are of the opinion, based on legal advice and management assessment, that no significant exposure will arise that requires recognition in the financial statements.

2.2 Appeal to Supreme Court of Indonesia

2.2.1 Ministry of Environment & Forest Indonesia vs PT. Rafi Kamajaya Abadi ("PTRKA")

On 27 December 2021, PT RKA received lawsuit claims from the Ministry of Environment and Forestry of Indonesia for the alleged violation against the laws and regulations related to fire incident occurred in PT RKA's plantation in year 2019. The total claims filed by the Ministry of Environment and Forestry is Indonesia Rupiah ("Rp") 1,001,844,350,959 (approximately RM293,669,525), as follows:

- Total damages claimed amounting to Rp270,807,710,959 (approximately RM79,381,562) relating to compensation cost for environment impact verification, loss of ecology and loss of economy; and
- Total compensation claimed amounting to Rp731,036,640,000 (approximately RM214,287,963) relating to costs of make good, reactivate the affected ecology system, repair and redevelop hydrology system, revegetation and monitoring.

2. MATERIAL LITIGATIONS (CONT'D.)

2.2 Appeal to Supreme Court of Indonesia (cont'd.)

2.2.1 Ministry of Environment & Forest Indonesia vs PT. Rafi Kamajaya Abadi ("PTRKA") (cont'd.)

During the first hearing of the case at District Court of Sintang on 10 January 2022, the parties have agreed to refer this legal case under mediation process for amicable settlement. However, the mediation which was held on 17 January 2022, could not reach any settlement between the parties. Both parties have agreed to put this legal case into full trial.

The District Court of Sintang had on 8 August 2022 delivered its decision on the case as follows:

- i. The Court rejected the PT RKA's claims on the followings:
 - (a) For PT RKA to stop all its activities on the affected land area until the full and final disposal of the case; and
 - (b) For PT RKA to pay compensation of IDR50,000 for every affected oil palm tree.
- ii. The Court rejected the PT RKA's Exception against the Plaintiff claims.
- iii. The Court allow part of the Plaintiff's claims.
- iv. The Court is of the view that the Plaintiff's claims is based on the 'strict liability' principle.
- v. PT RKA is responsible on the loss due to the fire incident based on the 'strict liability' principle.
- vi. PT RKA is to pay a compensation of IDR270,807,710,959 (approximately RM81,242,313) for the environmental loss to the National Account of Indonesia as per the claim by the Plaintiff.
- vii. PT RKA is to rehabilitate the environment on the affected area due to the fire incident of 2,560 ha and to reactivate the affected ecology system with the cost of IDR646,216,640,000 (approximately RM193,864,992) as per the claim by the Plaintiff.
- viii. The Court rejected the rest of the Plaintiff's claims against PT RKA.
- ix. The Court rejected the PT RKA's counterclaims against the Plaintiff.
- x. PT RKA to bear the cost of IDR2,519,000 (approximately RM756).

PT RKA then appealed against the decision of the District Court of Sintang to High Court of Pontianak. The High Court of Pontianak had on 27 October 2022 decided as follows:

- i. The Court is of the view that the Plaintiff's claims is based on the 'strict liability' principle.
- ii. PT RKA is responsible on the loss due to the fire incident based on the 'strict liability' principle.
- iii. PT RKA is to pay a compensation of IDR188,977,440,000.00 (approximately RM53,504,371) for the environmental loss to the National Account of Indonesia as per the claim.
- iv. PT RKA is to rehabilitate the environment on the affected area due to the fire incident of 2,560 ha and to reactivate the affected ecology system with the cost of IDR731,036,640,000.00 (Approximately RM206,975,266).

On 18 November 2022, PT RKA has filed an appeal against the above decision of the High Court of Pontianak to the Supreme Court of Indonesia in Jakarta. The outcome of the appeal is, as at the date of this report, still pending.

2. MATERIAL LITIGATIONS (CONT'D.)

2.2 Appeal to Supreme Court of Indonesia (cont'd.)

2.2.2 Jaksa Penuntut Umum Negeri Sintang, Indonesia ("Public Prosecutor") vs PTRKA

PT RKA has been served with the charge dated 7 February 2022 by the Public Prosecutor of Sintang.

PT RKA is charged under Article 99(1) and Article 116(1) of the Indonesian Laws No. 32 year 2009 on Environmental Protection and Management where upon conviction will subject to imprisonment of not less than 1 year and not more than 3 years, and fine of not less than IDR1,000,000,000 (approximately RM292,000) and not more than IDR3,000,000,000 (approximately RM875,000).

The District Court of Sintang had on 10 October 2022 imposed a penalty of IDR2,000,000,000.00 (approximately RM606,206.00) under Article 99(1) of Laws No. 32 year 2009 on Environmental Protection and Management and a cost of IDR5,000.00 (approximately RM1.50).

PT RKA then filed an appeal to the High Court of Pontianak, and the High Court of Pontianak decided to uphold the decision of the District Court of Sintang that PT RKA is guilty and liable to a fine of IDR2,500,000,000.00 (approximately RM707,814).

On 18 November 2022, PT RKA has filed an appeal against the above the decision of the High Court of Pontianak to the Supreme Court of Indonesia in Jakarta. The outcome of the appeal is, as at the date of this report, still pending.

The directors are of the opinion, based on legal advice and management assessment, there is probable outflow of resources embodying the economic benefits to settle the above claims.

3. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business), that have been entered into by the Group within the past two (2) years immediately preceding the LPD of this Circular: -

3.1 Acceptance of letter of offer in respect of the proposed disposal of the entire equity interests in PTRKA and PTSRA.

On 29 July 2022, the Company and the minority shareholders of the Indonesia subsidiaries had entered into the following conditional sale and purchase agreements ("CSPAs") with Ikkhasas Sawit Sdn. Bhd. ("Ikkhasas"), a party nominated by Ikkhasas CPO Sdn. Bhd. for the disposal of 100% of the equity interest in:

- i. PT RKA for a total cash consideration of RM110,000,000; and
- ii. PT SRA for a total cash consideration of RM5,000,000.

The CSPAs shall be conditional on the Company and/or Indonesia subsidiaries in fulfilling certain agreed specific conditions ("Specific Conditions"). The Specific Conditions include certain conditions that TDM and the Indonesia subsidiaries have to resolve and to provide evidence that certain specific operational issues involving the Indonesia subsidiaries, administrative procedures in transferring the name to Ikkhasas, intercompany transactions between the Indonesia subsidiaries, its directors and TDM and the settlement of certain lawsuits filed by third parties against PT RKA, are resolved within the specific period stated in the CSPAs.

3. MATERIAL CONTRACTS (CONT'D.)

3.1 Acceptance of letter of offer in respect of the proposed disposal of the entire equity interests in PTRKA and PTSRA. (cont'd.)

In the current financial year, the directors reassessed that the criteria were met in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operation and continue to classify the assets and liabilities of the Indonesian subsidiaries as held for sale, as follows:

- (a) the assets and liabilities of the Indonesian subsidiaries are available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups); and
- (b) the sale is highly probable in view that:
 - i. the appropriate level of management has committed to a plan to sell the asset (or disposal group);
 - ii. entered into CSPAs with Ikhasas on 29 July 2022;
 - iii. the assets (or disposal group) are actively marketed for sale at a price that is reasonable in relation to its current fair value;
 - iv. the sale is expected to qualify for recognition as a completed sale within one year from the date of classification unless a delay is caused by events or circumstances beyond the Company's control while the Company remains committed to its plan to sell the assets (or disposal group); and
 - v. it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

3.2 Termination of the Heads of Agreement ("HOA") with Mutiara Premier Sdn. Bhd. ("MPSB") for the Proposed Build and Lease of a Specialist Hospital Building ("Proposed Project")

On 7 April 2022, KMI had entered into the HOA with MPSB, a wholly-owned subsidiary of Pelaburan Hartanah Berhad for the proposed build and lease of a specialist hospital building in Bandar Baru Tunjong, Kota Bharu, Kelantan Darul Naim.

MPSB will construct a specialist hospital building and upon completion of the construction of the specialist hospital building, MPSB shall lease the specialist hospital building to KMI.

On 20 January 2023, the HOA was terminated, as MPSB is unable to acquire the land for the purpose of the Proposed Project.

3.3 Business Transfer Agreement ("BTA") with Tawau Specialist Hospital Sdn. Bhd. ("TSHSB") for the acquisition of the business of operating Tawau Specialist Hospital ("TSH"); and Sub-Lease Agreement with Tawau Specialist Hospital Sdn. Bhd. for the Hospital Land together with the Hospital Building.

On 30 September 2021, KMI Tawau Medical Centre Sdn. Bhd. ("KTMC") had entered into:

- (a) Business Transfer Agreement ("BTA") with Tawau Specialist Hospital Sdn. Bhd. ("TSHSB") for the acquisition of the business of operating Tawau Specialist Hospital ("TSH") which is located at the postal address of TB 4551, Jalan Abaca, P.O. Box 61873, Tawau, Sabah, together with the assets related to the Business and assets for ambulatory care services ("Ambulatory Assets") (collectively the "Purchased Assets") at a purchase consideration of RM8,000,000, but subject to adjustment; and
- (b) Sub-Lease Agreement with TSH for the grant by TSH to KTMC of a sub-lease of the Hospital Land together with the Hospital Building for an initial period of 15 years and may be renewed for a further term of 15 years at the option of KTMC.

3. MATERIAL CONTRACTS (CONT'D.)

3.3 Business Transfer Agreement ("BTA") with Tawau Specialist Hospital Sdn. Bhd. ("TSHSB") for the acquisition of the business of operating Tawau Specialist Hospital ("TSH"); and Sub-Lease Agreement with Tawau Specialist Hospital Sdn. Bhd. for the Hospital Land together with the Hospital Building. (cont'd.)

(c) The salient terms of the BTA are as follows:

Purchased Assets

- i. the Business License and other permits;
- ii. tangible assets such as medical equipment, motor vehicle, office equipment, furniture, etc of the Hospital;
- iii. the Hospital's patient's medical records;
- iv. inventories such as drugs, foods, disposable, consumables and other supplies those located at the Hospital as at the Transfer Date;
- v. contractual rights of TSH under contracts to be assigned/novated to KTMC such as medical consultancy agreement made with the medical consultants, Hospital panelship, blood supply agreement made with the Government of Malaysia and selected business contracts ("Assumed Contracts"); and
- vi. the Ambulatory Assets.

Assumed Liabilities

- i. KTMC shall assume the future payment and performance of the following TSH's liabilities and obligations (collectively the "Assumed Liabilities") on and after the Transfer Date;
- ii. arising from the operation of the Business or the use or ownership of the Purchased Assets and the operation of the Assumed Contracts on and after the Transfer Date; and
- iii. under the Business License and the other permits on and after the Transfer Date, to the extent that such liabilities and obligations relate solely to the KTMC's use or ownership of the Business or the Purchased Assets.

All conditions precedent as provided under the BTA have been fulfilled on the Transfer Date of 26 May 2022.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at the registered office of our Company at Wisma TDM, 443D, Jalan Kamaruddin, 20400 Kuala Terengganu, Terengganu Darul Iman, during normal business hours from Sunday to Thursday (excluding public holidays) from the date of this Circular up to the date of the AGM:-

- i) our Constitution.
- ii) our audited consolidated financial statements for the past two (2) financial years ended 31 December 2022 and 2021.

Copies of the Lease Renewal Agreement, Lease Formalisation Agreements, valuation reports relating to the Subject Properties.

PART B

CIRCULAR TO SHAREHOLDERS IN RELATION TO PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

DEFINITIONS

For the purposes of this Circular, except where the context otherwise requires, the following definitions shall apply:

Act	: Companies Act 2016, as amended from time to time including any re-enactment thereof.
AGM	: Annual General Meeting
Board	: Board of Directors of TDM
Bursa Depository	: Bursa Malaysia Depository Sdn. Bhd. [Registration No. 198701006854 (165570-W)]
Bursa Securities	: Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
Circular	: This Part B of the Circular to shareholders dated 27 April 2023 in relation to the Proposed Renewal of Shareholders' Mandate
CMSA	: Capital Market and Services Act 2007, as amended from time to time including any re-enactment thereof
Director	: Director has the meaning given in Section 2 of the Act and Section 2(1) of the CMSA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon – i) a director of the listed corporation, its subsidiary or holding company; or ii) a chief executive of the listed corporation, its subsidiary or holding company
FYE	: Financial year ended/ending
TDMP	: TDM Plantation Sdn. Bhd. [Registration No. 198301015286 (110679-W)), a 100% wholly-owned subsidiary of TDM.
Listing Requirements	: Bursa Securities Main Market Listing Requirements, including any amendments thereto that may be made from time to time
LPD	: 27 March 2023, being the latest practicable date prior to the printing of this Circular.
Major Shareholder	: Any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed corporation as defined under Rule 1.01 or any other corporation which is its subsidiary or holding company.
“Market Day”	: A day on which Bursa Securities is open for trading in securities

DEFINITIONS (CONT'D)

Person(s) connected	<p>In relation to a Director or Major Shareholder, means such person who falls under any one (1) of the following categories:-</p> <ul style="list-style-type: none">(i) a family member of the Director or Major Shareholder (for the purpose of this definition, “family” means and includes spouse, parent, child including an adopted child and stepchild, brother or sister, spouse of child including an adopted child and step-child, and spouse of brother or sister);(ii) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director, Major Shareholder or their family member, is the sole beneficiary;(iii) a partner of the Director or Major Shareholder, or a partner of a person connected with that Director or Major Shareholder;(iv) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;(v) a person, or where the person is a body corporate, the body corporate or its directors whose directions, in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;(vi) a body corporate in which the Director, Major Shareholder or persons connected with them are entitled to exercise or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or(vii) a body corporate which is a related corporation (for the purpose of this definition, “related corporation” means a corporation which is the holding company of another corporation; a subsidiary of another corporation; or a subsidiary of the holding company of another corporation) of the Director or Major Shareholder.
ECF	: East Coast Fertilizer Sdn. Bhd. is a company incorporated in Malaysia which is wholly owned by MBI Modal Sdn. Bhd. which in turn is a wholly owned subsidiary of Menteri Besar, Terengganu (Incorporated) (“MBI”). MBI is the shareholder of Terengganu Incorporated Sdn. Bhd. (“TI”), the substantial shareholder of TDM.
Proposed renewal of Shareholders’ mandate	: Proposed renewal of existing shareholder mandate for RRPT of a revenue or trading nature.
Recurrent Related Party Transaction(s) or “RRPT”	: Recurrent Related Party Transaction(s) of a revenue or trading nature, which are recurrent and which is necessary for the day-to-day operations and are in the ordinary course of business of the Group.
Related Party(ies)	: Director(s), Major Shareholder(s) and/or Person(s) Connected with such Director(s) and/or Major Shareholder(s).

DEFINITIONS (CONT'D)

Related Party Transaction(s)	: Transaction(s) entered into by TDM Group which involve(s) the interest, direct or indirect, of the Related Party(ies)
RM and sen	: Ringgit Malaysia and sen respectively
TDM or the Company	: TDM Berhad [Registration No. 196501000477 (6265-P)]
TDM Group or Group	: TDM and its subsidiary companies, collectively
TDM Share(s) or Share(s)	: Ordinary share(s) in the Company
TISB	: Terengganu Incorporated Sdn. Bhd. [Registration No. 200601005493 (725242-P)]

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any references to “the Company” and “TDM” in this Circular are made to TDM, and all references to “the Group” and “TDM Group” are made to the Company and its subsidiary companies. All references to “we”, “us” and “our” are made to the Company, save and where the context otherwise requires, shall include its subsidiaries.

All references to “you” in this Circular are to the shareholders of TDM.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

Any discrepancies in the tables included in this Circular between the amounts listed, the actual figures and the totals thereof are due to rounding.

LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE CONTAINING:

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TDM BERHAD

[Registration No. 196501000477 (6265-P)]
(Incorporated in Malaysia)

Registered Office:

Wisma TDM
443D, Jalan Kamaruddin
20400 Kuala Terengganu
Terengganu Darul Iman

27 April 2023

Board of Directors

1. YBM Tengku Seri Bijaya Raja
(Datuk Tengku Farok Hussin bin Tengku Abdul Jalil) (Non-Independent & Non-Executive Chairman)
2. Haji Mazli Zakuan bin Mohd Noor (Non-Independent & Non-Executive Director)
3. Haji Burhanuddin Hilmi bin Mohamed @ Harun (Non-Independent & Non-Executive Director)
4. Haji Azlan bin Md Alifiah (Independent & Non-Executive Director)
5. Encik Mohd Kamaruzaman bin A Wahab (Independent & Non-Executive Director)
6. Haji Samiun bin Salleh (Non-Independent & Non-Executive Director)
7. Haji Najman bin Kamaruddin (Executive Director)

To: Our Shareholders

Dear Sir/Madam,

TDM BERHAD

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

1. INTRODUCTION

At the Company's AGM held on 23 June 2022, the Company had obtained a new shareholders' mandate for recurrent related party transactions ("RRPT") of a revenue or trading nature ("New Mandate") which are necessary for the day-to-day operations of TDM Group, with certain classes of related parties.

The New Mandate, shall in accordance with the Listing Requirements, expire at the conclusion of the forthcoming AGM of the Company, scheduled for 8 June 2023, unless it is renewed at the said AGM.

On 27 April 2023, the Board announced that TDM is proposing to seek your approval for the renewal of the Proposed Shareholders' Mandate.

The purpose of this Circular is to provide you with the relevant information on the Proposed Renewal of Shareholders' Mandate as well as to seek your approval for the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM.

The Fifty-Eighth (58th) AGM of the Company is scheduled to be held at **Elsyum Skybridge, Level 3, Menara B, KTCC Drawbridge, Jalan Sultan Zainal Abidin, Kampung Tanjung Pantai, 20000 Kuala Terengganu, Terengganu** on **Thursday, 8 June 2023 at 11.00 a.m.**, or at any adjournment thereof, together with the Proxy Form are set out in the 2022 Annual Report of the Company.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO BE TABLED AT THE COMPANY'S FORTHCOMING FIFTY-EIGHTH (58th) AGM.

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2. BACKGROUND

TDMP had on 29 August 2022 issued a letter of award ("LOA") to ECF to purchase 1,120 mt fertiliser Compound 38 (10/5/20/3+5%Micro) at the price of RM2,680 per mt or RM3,001,600 and 3,880 mt fertiliser Compound 33 (10/5/18+0.5%B₂O₃) at the price of RM2,545 per mt or RM9,874,600. ECF had on 12 September 2022 submitted the letter of acceptance of the appointment to supply 1,120 mt fertiliser Compound 38 (10/5/20/3+5%Micro) and 3,880 mt fertiliser Compound 33 (10/5/18+0.5%B₂O₃) for the FY2022 to TDMP.

The principal terms and conditions of the LOA are as follows:

LOA	ECF agrees to sell and TDMP agrees to purchase the fertilisers on the terms and subject to the conditions set out in the LOA.
Basis of purchase	1,120 mt of fertiliser Compound 38 and 3,380 mt of fertiliser Compound 33 from ECF.
Consideration	The total consideration for the purchase for the following: (i) Total purchase of fertiliser Compound 38 with a total contract value of RM3,001,600.00 or RM2,680.00/mt. (ii) Total purchase of fertiliser Compound 33 with a total contract value of RM9,874,600.00 or RM2,545.00/mt.
Payment terms	60 days upon receiving all the Documents.

3. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

3.1 Provisions under the Listing Requirements

Paragraph 10.09(2) of the Listing Requirements provides that with regard to related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations of a listed issuer or its subsidiaries, the listed issuer may seek a shareholders' mandate in respect of such transactions subject to the following:

- (i) the transactions are in the ordinary course of business and are on the terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholder mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the below threshold in relation to a listed issuer with a share capital of RM60 million and above:-
 - (a) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
 - (b) the percentage ratio of such RRPT is 1% or more,whichever is the higher;
- (iii) the issuance of a circular to shareholders by the listed issuer, which includes the information as may be prescribed by Bursa Securities, together with a checklist showing compliance with such information when submitting the circular to Bursa Securities;

3. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (CONT'D.)

3.1 Provisions under the Listing Requirements (cont'd.)

- (iv) in a meeting to obtain shareholders' mandate, the interested Director, interested Major Shareholder or interested Person Connected to a Director or Major Shareholder and where the interest of an interested Person Connected to a Director or Major Shareholder is involved, such Director or Major Shareholder, must not vote on the resolution approving the transactions and an interested Director or interested Major Shareholder must ensure that Persons Connected with him abstain from voting on the resolution approving the transactions; and
- (v) the Company immediately announces to Bursa Securities when the actual value of a Recurrent Related Party Transaction entered into by the Company, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in this Circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where the Company has procured its shareholders' mandate pursuant to the Listing Requirement, the provisions of Rule 10.08, Part E of Chapter 10 of the Listing Requirements shall not apply during the period of validity of the shareholders' mandate.

Accordingly, the Board proposes to seek your approval for the Proposed Renewal of Shareholders' Mandate. The Proposed Shareholder Mandate will allow the TDM Group, in the ordinary course of business, to enter into the RRPT referred to in Section 3.6 with the Related Party, provided that such transactions are made at arms' length, on the Group's normal commercial terms and on terms not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders of TDM.

3.2 Validity of the Proposed Shareholders' Mandate

The authority to be conferred pursuant to the Proposed Shareholders' Mandate, if approved by the shareholders, shall take effect from the passing of the ordinary resolution proposed at the forthcoming Fifty-Eighth (58th) AGM and shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the AGM at which such Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

3.3 Disclosure in Annual Report

Disclosure will be made in the Annual Report of the Company of the aggregate value of the RRPT based on the type of transactions, the names of the Related Parties and their relationship with the Company pursuant to the Proposed Shareholders' Mandate in the Annual Report of the Company in the subsequent year during which the Proposed Shareholders' Mandate is in force.

3. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (CONT'D.)

3.4 Classes of Related Parties

The Proposed Shareholders' Mandate will apply to the following classes of Related Parties:

- (a) Directors;
- (b) Major Shareholders; and
- (c) Persons Connected with the Directors and/or Major Shareholders.

3.5 Principal Activities of TDM Group

The Company is principally engaged in investment holding activities and the provision of management services and cultivation of oil palms.

The particulars of the subsidiaries of TDM and their principal activities are as follows:

Subsidiaries	Country of Incorporation	% held	Principal activities
TDM Plantation Sdn. Bhd.	Malaysia	100	Management of oil palm plantation, processing and trading of palm oil and related products.
Kumpulan Ladang-Ladang Trengganu Sdn. Bhd.	Malaysia	100	Cultivation of oil palms, trading of palm oil and other related products.
TDM Trading Sdn. Bhd.	Malaysia	100	Trading of crude palm oil and other related products.
TDM Capital Sdn. Bhd.	Malaysia	100	Investment holding, trading, cultivation of oil palms and other related products.
TDM-YT Plantation Sdn. Bhd.	Malaysia	70	Cultivation of oil palms and trading of fresh fruit bunches, crude palm oil and palm kernels.
TDM Agrobiz Sdn. Bhd.	Malaysia	100	Agricultural activities for crop production on a fee or contract basis.
Kumpulan Medic Iman Sdn. Bhd.	Malaysia	99.28	Investment holding and provision of consultancy and management services to specialist medical centres.
PT Rafi Kamajaya Abadi	Indonesia	93.75	Cultivation of oil palms, trading of palm oil and other related products.
PT Sawit Rezki Abadi	Indonesia	95	Cultivation of oil palms, trading of palm oil and other related products.

3. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (CONT'D.)

3.5 Principal Activities of TDM Group (cont'd.)

Subsidiaries	Country of Incorporation	% held	Principal activities
Kumpulan Mediiman Sdn. Bhd.	Malaysia	95.01	Dormant.
TD Gabongan Sdn. Bhd.	Malaysia	51	Dormant.
Kemaman Capital Sdn. Bhd.	Malaysia	100	Dormant.
Held by Kumpulan Medic Iman Sdn. Bhd.			
Kuantan Medical Centre Sdn. Bhd.	Malaysia	92.33	Specialist medical centre.
Kelana Jaya Medical Centre Sdn. Bhd.	Malaysia	99.54	Specialist medical centre.
Kuala Terengganu Specialist Hospital Sdn. Bhd.	Malaysia	100	Specialist medical centre.
TDMC Hospital Sdn. Bhd.	Malaysia	100	Specialist medical centre.
KMI Tawau Medical Centre Sdn. Bhd.	Malaysia	100	Specialist medical centre.
KMI Chukai Medical Centre Sdn. Bhd.	Malaysia	100	Medical centre.
KMI Ambulatory Care Centre Sdn. Bhd.	Malaysia	100	Ambulatory care centre.
KMI Tunjong Medical Centre Sdn. Bhd.	Malaysia	100	Medical centre.
KMI Assets Sdn. Bhd.	Malaysia	100	Facility management and maintenance, assets management and real estates.

It is envisaged that, in the normal course of the Group's businesses, transactions of a revenue or trading nature between the companies in TDM Group and the Related Parties which are necessary for its day-to-day operations. The details of the Recurrent Related Party Transactions under the Proposed Renewal Shareholders' Mandate are set out in Section 3.6 of this Circular.

3. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

3.6 Nature of the RRPT and Class of Related Party

3.6.1 The class and nature of the Recurrent Related Party Transactions of the Group are as follows:

No.	Transacting party within the Group	Transacting Related Parties	Interested Related Parties	Nature of transactions	Existing Mandate		Estimated value of the RRPT for the Proposed Renewal of Shareholders' Mandate from 8 June 2023 (date of 58 th AGM) to the next AGM (RM)
					Estimated value of the RRPT as disclosed in the preceding year's Circular to Shareholders dated 28 April 2022 (RM)	Actual Value transacted from the date of the last AGM on 23 June 2022 to LPD (27 March 2023) (RM)	
1.	TDMP	ECF ⁽¹⁾	<ul style="list-style-type: none"> ECF is a subsidiary of MBI Modal Sdn. Bhd. ("MMSB"). The ultimate holding corporation is MBI. YBM Tengku Seri Bijaya Raja (Datuk Tengku Farok Hussin bin Tengku Abdul Jalil) is the Non-Independent & Non-Executive Director/ Chairman of TDM and Director/ Chairman of MMSB. Tuan Haji Mazli Zakuan bin Mohd Noor ("MZMN"), is a director of TDM, ECF and MMSB. MZMN also is the CEO of MBI. 	Purchase of fertilisers: CRF-2 Compound 38 (10/5/20/3+5% Micro) Compound 33 (10/5/18+0.5% B ₂ O ₃)	2,845,000.00 ⁽²⁾ - -	2,845,000.00 - -	- 3,001,600.00 ⁽²⁾ 9,874,600.00 ⁽²⁾
TOTAL					2,845,000.00	2,845,000.00	12,876,200.00

Notes:

- (1) ECF is a company incorporated in Malaysia which is wholly owned by MBI Modal Sdn. Bhd. ("MMSB") which in turn is a wholly owned subsidiary of Menteri Besar, Terengganu (Incorporated) ("MBI"). MBI is the shareholder of Terengganu Incorporated Sdn. Bhd. ("TI"), the substantial shareholder of TDM. As at LPD, the directors of ECF are as follows:

No	Name	Designation
1.	Haji Mazli Zakuan bin Mohd Noor	Director
2.	Muhammad Ramizu bin Mustaffa	Director
3.	Azman bin Ibrahim	Director
4.	Syed Omar bin Syed Rastan	Director
5.	Muhammad Fairus bin Hussain	Director
6.	Syed Muhamad Amir bin Syed Omar	Alternate Director
7.	Dato' Syed Osman bin Syed Rastan	Alternate Director

ECF or MMSB does not holds any shares in the TDM as at the date of this announcement.

In view of the above, MBI is referred to as the "Interested Major Shareholder" whilst YBM Tengku Seri Bijaya Raja (Datuk Tengku Farok Hussin bin Tengku Abdul Jalil) and MZMN are referred to as the "Interested Directors". As such, the Interested Directors have abstained and will continue to be abstained from all Board deliberations and voting at the relevant Board meetings of the Company and on the resolution pertaining to the Transaction.

- (2) The estimated value is based on the Letter of Awards issued to ECF on 29 August 2022 based on 12 months from 8 June 2023 until the next AGM. The estimated value is subject to changes if the actual AGM is held earlier or later than the expected date of the next AGM.

3.6.2 Save as disclosed in the above, the actual value of the above transactions that were transacted from the date on which the existing mandate was obtained at the last AGM of the Company i.e. 23 June 2022, up to LPD did not exceed the estimated value by 10% or more.

4. REVIEW PROCEDURES IN RELATION TO RECURRENT RELATED PARTY TRANSACTIONS

TDM Group has established various procedures to ensure that such Recurrent Related Party Transactions undertaken on an arm's length basis and on the Group's normal commercial terms and consistent with the Group's usual business practices and policies and on the transaction price and terms not more favourable to the Related Parties than those generally available to the public and will not be detrimental to the minority shareholders. There are no specific thresholds for approval of Recurrent Related Party Transactions within the Group. All Recurrent Related Party Transactions will be reviewed by the Audit Committee and approved by the Board.

Therefore, disclosure and approval procedures with regard to Recurrent Related Party Transactions are as follows:

- a) a list of the Related Parties will be established and circulated to the heads of each financedivision within the Group, who shall monitor and ensure that all Recurrent Related Party Transactions to be entered into by the Group are reported and forwarded to the Audit Committee, who then ensures that the Recurrent Related Party Transactions are to be undertaken on an arm's length basis, on the Group's normal commercial terms, on terms which are not more favourable to the Related Parties other than those generally available to the public and which are not to be detrimental to the minority shareholders. These include transacting at prevailing market rates/prices of the service provider's usual commercial terms or otherwise in accordance with the applicable industry norm. Transactions refer to both sales and purchases of services of the Group;

4. REVIEW PROCEDURES IN RELATION TO RECURRENT RELATED PARTY TRANSACTIONS (CONT'D.)

- b) the Group is made to aware of the requirements to monitor, and shall put in place proper processes or systems to record and report on all Recurrent Related Party Transactions for compilation and reporting to the Audit Committee;
- c) proper records are maintained at the Company and each of its subsidiaries to capture all Recurrent Related Party Transactions so that all Recurrent Related Party Transactions entered pursuant to the mandate will be adequately discussed;
- d) all Recurrent Related Party Transactions will be reviewed by the Audit Committee on an annual basis. In its review of such transactions, the Audit Committee may, as it deems fit, request for additional information from independent source;
- e) the internal audit plan shall incorporate a review of Related Party Transactions to ensure that all the relevant approvals for the Recurrent Related Party Transactions have been obtained;
- f) the Audit Committee shall review, on an annual basis, the internal audit reports pertaining to the Recurrent Related Party Transactions to ascertain that the approved procedures and guidelines to monitor the Recurrent Related Party Transactions have been complied with;
- g) the Board and Audit Committee shall have overall responsibility for determination of the review procedures and guidelines including addition of new review procedures, where applicable. An annual review of the Recurrent Related Party Transactions procedures and guidelines will be carried out by the Audit Committee.

If during the annual review, the Audit Committee is of the view that the Recurrent Related Party Transactions procedures and guidelines are no longer valid or inadequate to ensure that the Recurrent Related Party Transactions are made on an arm's length basis on the Group's normal commercial terms, on terms not more favourable to the Related Parties than those generally available to the public and not to the detriment of our minority shareholders, the Audit Committee shall have the discretion to discharge, vary, modify the existing procedures and guidelines or implement new or additional procedures and guidelines, without management's prior approval, provided that such amended, varied, modified, new or additional procedures and guidelines are no less stringent than the existing ones;

- h) at least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as a comparison to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities;
- i) in the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the pricing of any Recurrent Related Party Transactions entered into will be determined based on usual business practices and policies of the Group to ensure that the Recurrent Related Party Transactions are not detrimental to the Group;
- j) in accordance with the Listing Requirements, disclosure in relation to a breakdown of the aggregate value of the Recurrent Related Party Transactions entered into during the financial year based on amongst others, the following information:
 - i. the type of the Recurrent Related Party Transactions; and
 - ii. the names of the Related Parties involved in each type of Recurrent Related Party Transactions made and their relationship with the Company;

4. REVIEW PROCEDURES IN RELATION TO RECURRENT RELATED PARTY TRANSACTIONS (CONT'D.)

will be made in the Company's annual report for the financial year during which the shareholders' mandate are in force;

- k) where any Director or Audit Committee has an interest (directly or indirectly) in any Recurrent Related Party Transactions, he/she must declare his/her interest in the Recurrent Related Party Transactions and abstain from participation in the decision making of the Board or Audit Committee on the said Recurrent Related Party Transactions;
- l) pursuant to Paragraph 10.09 of the Listing Requirements, in a meeting to obtain the Proposed Renewal of Shareholders' Mandate, the interested Director, Major Shareholders or Persons Connected with them must not vote on the resolution in respect of the Recurrent Related Party Transactions; and where it involves the interest of an interested person connected with a Director or Major Shareholders, such Director or Major Shareholders must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with them will abstain from voting on the resolution approving the transactions; and
- m) interested Director shall also abstain from deliberating at Board meetings in respect of the Recurrent Related Party Transactions in which they or Persons Connected with them are interested.

5. AMOUNT DUE AND OWING TO TDM GROUP BY RELATED PARTIES

As at the LPD, there is no amount due and owing to TDM Group by its Related Parties.

6. STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee has reviewed the procedures of the Proposed Renewal of Shareholders' Mandate set out in Section 4 of this Circular and is of the view that the procedures are sufficient to ensure that the Recurrent Related Party Transactions are made on an arms' length basis on the Group's normal commercial terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The Audit Committee is of the further view that TDM Group has in place adequate procedures and processes to monitor, track and identify the Recurrent Related Party Transactions in a timely and orderly manner. The Audit Committee shall review these procedures and processes on a yearly basis or whenever the need arises.

7. DISCLOSURE

Disclosure will be made in the Company's Annual Report of the breakdown of the aggregate value of transactions conducted, types of transactions made, names of the related parties involved and their relationship with the Company pursuant to the Proposed Shareholders' mandate during the financial year in accordance with Paragraph 10.09(2) and Practice Note 12 of the Listing Requirements.

8. RATIONALE OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Related Party Transactions envisaged in the Proposed Renewal of Shareholders' Mandate are in the ordinary course of business and necessary for the day-to-day operations of TDM Group and recurring in nature. The Proposed Renewal of Shareholders' Mandate will eliminate the need to convene separate general meetings on each occasion to seek shareholders' prior approval for entry by TDM Group into such transactions.

This will substantially reduce the expenses associated with the convening of general meetings on an ad-hoc basis, improve administration efficiency and allow manpower resources and time to be channeled towards attaining other corporate objectives.

The Proposed Renewal of Shareholders' Mandate is intended to facilitate transactions entered into the ordinary course of business of TDM Group which are transacted from time to time with Related Parties at arm's length, on TDM Group's normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

9. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

Share capital

The Proposed Renewal of Shareholders' Mandate will not have any effect on the share capital of TDM as it does not involve any new issuance of TDM Shares.

Net assets ("NA"), NA per share and gearing

The Proposed Renewal of Shareholders' Mandate will not have any effect on the NA, NA per share and gearing of TDM Group.

Earnings and earnings per share ("EPS")

The Proposed Renewal of Shareholders' Mandate will not have material effect on the earnings and EPS of TDM as no change in the rental amount to be paid for the Subject Properties.

Notwithstanding, the earnings and EPS of TDM for the financial year ending 31 December 2023 will be dependent on the price of crude palm oil and other factors affecting revenue which will eventually determine the profitability of the Company.

Substantial shareholders' shareholdings

The Proposed Renewal of Shareholders' Mandate will not have any effect on the substantial shareholders' shareholdings in TDM as it does not involve any new issuance of TDM Shares.

10. APPROVAL REQUIRED

The Proposed Renewal of Shareholders' Mandate is subject to the shareholders' approval being obtained at the forthcoming AGM to be convened.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the directors and/or major shareholders of the Company and/or any person connected to them has any interest, directly or indirectly, in the LOA:

- i. TDMP is a wholly owned subsidiary of TDM.
- ii. TDM is a subsidiary of TI, a company incorporated in Malaysia. The ultimate holding corporation is MBI, a corporation incorporated in Malaysia under the Menteri Besar (Incorporation), Enactment No.1, 1951.
- iii. ECF is a subsidiary of MMSB. The ultimate holding corporation is MBI.
- iv. YBM Tengku Seri Bijaya Raja (Datuk Tengku Farok Hussin bin Tengku Abdul Jalil) is the Non-Independent Non-Executive Director/ Chairman of TDM and a Director/ Chairman of MMSB.
- v. Tuan Haji Mazli Zakuan bin Mohd Noor ("MZMN"), is a director of TDM, ECF and MMSB. MZMN also is the Chief Executive Officer of MBI.

ECF or MMSB does not holds any shares in the TDM as at the date of this announcement.

In view of the above, MBI is referred to as the "Interested Major Shareholder" whilst MZMN and NK are referred to as the "Interested Directors". As such, the Interested Directors have abstained and will continue to be abstained from all Board deliberations and voting at the relevant Board meetings of the Company and on the resolution pertaining to the Transaction.

12. STATEMENT BY DIRECTORS

The Board (save for the Interested Directors), having taken into consideration all aspects of the Proposed Renewal of Shareholders' Mandate including but not limited to the rationale and effects of the Proposed renewal of Shareholders' Mandate, and after careful deliberation, is of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interest of TDM. Accordingly, the Board with the exception of the Interested Directors who have abstained from expressing any recommendations in relation to the Proposed Renewal of Shareholders' Mandate, recommend that shareholders vote in favour of the resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM.

13. AGM

The resolution pertaining to the above proposal is set out in the Notice of the Fifty-Eighth (58th) Annual General Meeting ("AGM") of TDM Berhad ("Company"). The Notice convening the 58th AGM of TDM Berhad ("TDM" or "the Company"), which will be held at **Elsyium Skybridge, Level 3, Menara B, KTCC Drawbridge, Jalan Sultan Zainal Abidin, Kampung Tanjung Pantai, 20000 Kuala Terengganu, Terengganu on Thursday, 8 June 2023 at 11.00 a.m.**, or at any adjournment thereof, together with the Proxy Form are set out in the 2022 Annual Report of the Company.

A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf. If you decide to appoint a proxy(ies) to attend and vote on your behalf at the AGM, the Form of Proxy should be completed and lodged at the office of our Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd., at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan **not less than 48 hours before the time for holding the meeting or at any adjournment thereof.** The lodging of the Form of Proxy does not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

14. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix 1 of this Circular for further information.

Yours faithfully,
For and on behalf of the Board of Directors of
TDM BERHAD

HAJI AZLAN BIN MD ALIFIAH
Independent & Non-Executive Director

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information contained herein and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there is no statement or information in this Circular which is false or misleading or any fact, the omission of which would make any statement in this Circular false or misleading.

2. MATERIAL LITIGATIONS

As at the LPD, save for the following material litigations, neither the Company nor any of its subsidiaries are engaged in any material litigation, claims, or arbitration, either as plaintiff or defendant, and the Board is not aware of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business operations of the Group:-

2.1 Kuantan High Court of Malaya : CA-22NCVC-46-11/2019 Tunas Capital Sdn. Bhd. vs Kuantan Medical Centre Sdn. Bhd.

Plaintiff is claiming against Defendant for the sum of RM1,298,415.43 being rental arrears from September 2018 to September 2019 for building known as No 1-9, Jalan Tun Ismail 9, Kuantan, Pahang ("the said premise"). The Plaintiff also claims for the sum of RM187,420.00 being cost of repair and/or rectify the defect the said premise.

The court had fixed for a Case Management date on 12 April 2023 for the status of the Evidence Note (Nota Keterangan). Further to the Case Management, the Court has now further fixed this matter on 11 May 2023 for Mention.

The directors are of the opinion, based on legal advice and management assessment, that no significant exposure will arise that requires recognition in the financial statements.

2.2 Appeal to Supreme Court of Indonesia

2.2.1 Ministry of Environment & Forest Indonesia vs PT. Rafi Kamajaya Abadi ("PTRKA")

On 27 December 2021, PT RKA received lawsuit claims from the Ministry of Environment and Forestry of Indonesia for the alleged violation against the laws and regulations related to fire incident occurred in PT RKA's plantation in year 2019. The total claims filed by the Ministry of Environment and Forestry is Indonesia Rupiah ("Rp") 1,001,844,350,959 (approximately RM293,669,525), as follows:

- Total damages claimed amounting to Rp270,807,710,959 (approximately RM79,381,562) relating to compensation cost for environment impact verification, loss of ecology and loss of economy; and
- Total compensation claimed amounting to Rp731,036,640,000 (approximately RM214,287,963) relating to costs of make good, reactivate the affected ecology system, repair and redevelop hydrology system, revegetation and monitoring.

During the first hearing of the case at District Court of Sintang on 10 January 2022, the parties have agreed to refer this legal case under mediation process for amicable settlement. However, the mediation which was held on 17 January 2022, could not reach any settlement between the parties. Both parties have agreed to put this legal case into full trial.

2. MATERIAL LITIGATIONS (CONT'D.)

2.2 Appeal to Supreme Court of Indonesia (cont'd.)

2.2.1 Ministry of Environment & Forest Indonesia vs PT. Rafi Kamajaya Abadi ("PTRKA") (cont'd.)

The District Court of Sintang had on 8 August 2022 delivered its decision on the case as follows:

- i. The Court rejected the PT RKA's claims on the followings:
 - (a) For PT RKA to stop all its activities on the affected land area until the full and final disposal of the case; and
 - (b) For PT RKA to pay compensation of IDR50,000 for every affected oil palm tree.
- ii. The Court rejected the PT RKA's Exception against the Plaintiff claims.
- iii. The Court allow part of the Plaintiff's claims.
- iv. The Court is of the view that the Plaintiff's claims is based on the 'strict liability' principle.
- v. PT RKA is responsible on the loss due to the fire incident based on the 'strict liability' principle.
- vi. PT RKA is to pay a compensation of IDR270,807,710,959 (approximately RM81,242,313) for the environmental loss to the National Account of Indonesia as per the claim by the Plaintiff.
- vii. PT RKA is to rehabilitate the environment on the affected area due to the fire incident of 2,560 ha and to reactivate the affected ecology system with the cost of IDR646,216,640,000 (approximately RM193,864,992) as per the claim by the Plaintiff.
- viii. The Court rejected the rest of the Plaintiff's claims against PT RKA.
- ix. The Court rejected the PT RKA's counterclaims against the Plaintiff.
- x. PT RKA to bear the cost of IDR2,519,000 (approximately RM756).

PT RKA then appealed against the decision of the District Court of Sintang to High Court of Pontianak. The High Court of Pontianak had on 27 October 2022 decided as follows:

- i. The Court is of the view that the Plaintiff's claims is based on the 'strict liability' principle.
- ii. PT RKA is responsible on the loss due to the fire incident based on the 'strict liability' principle.
- iii. PT RKA is to pay a compensation of IDR188,977,440,000.00 (approximately RM53,504,371) for the environmental loss to the National Account of Indonesia as per the claim.
- iv. PT RKA is to rehabilitate the environment on the affected area due to the fire incident of 2,560 ha and to reactivate the affected ecology system with the cost of IDR731,036,640,000.00 (Approximately RM206,975,266).

On 18 November 2022, PT RKA has filed an appeal against the above decision of the High Court of Pontianak to the Supreme Court of Indonesia in Jakarta. The outcome of the appeal is, as at the date of this report, still pending.

2. MATERIAL LITIGATIONS (CONT'D.)

2.2 Appeal to Supreme Court of Indonesia (cont'd.)

2.2.2 Jaksa Penuntut Umum Negeri Sintang, Indonesia ("Public Prosecutor") vs PTRKA

PT RKA has been served with the charge dated 7 February 2022 by the Public Prosecutor of Sintang.

PT RKA is charged under Article 99(1) and Article 116(1) of the Indonesian Laws No. 32 year 2009 on Environmental Protection and Management where upon conviction will subject to imprisonment of not less than 1 year and not more than 3 years, and fine of not less than IDR1,000,000,000 (approximately RM292,000) and not more than IDR3,000,000,000 (approximately RM875,000).

The District Court of Sintang had on 10 October 2022 imposed a penalty of IDR2,000,000,000.00 (approximately RM606,206.00) under Article 99(1) of Laws No. 32 year 2009 on Environmental Protection and Management and a cost of IDR5,000.00 (approximately RM1.50).

PT RKA then filed an appeal to the High Court of Pontianak, and the High Court of Pontianak decided to uphold the decision of the District Court of Sintang that PT RKA is guilty and liable to a fine of IDR2,500,000,000.00 (approximately RM707,814).

On 18 November 2022, PT RKA has filed an appeal against the above the decision of the High Court of Pontianak to the Supreme Court of Indonesia in Jakarta. The outcome of the appeal is, as at the date of this report, still pending.

The directors are of the opinion, based on legal advice and management assessment, there is probable outflow of resources embodying the economic benefits to settle the above claims.

3. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business), that have been entered into by the Group within the past two (2) years immediately preceding the LPD of this Circular: -

3.1 Acceptance of letter of offer in respect of the proposed disposal of the entire equity interests in PTRKA and PTSRA.

On 29 July 2022, the Company and the minority shareholders of the Indonesia subsidiaries had entered into the following conditional sale and purchase agreements ("CSPAs") with Ikkhasas Sawit Sdn. Bhd. ("Ikkhasas"), a party nominated by Ikkhasas CPO Sdn. Bhd. for the disposal of 100% of the equity interest in:

- i. PT RKA for a total cash consideration of RM110,000,000; and
- ii. PT SRA for a total cash consideration of RM5,000,000.

The CSPAs shall be conditional on the Company and/or Indonesia subsidiaries in fulfilling certain agreed specific conditions ("Specific Conditions"). The Specific Conditions include certain conditions that TDM and the Indonesia subsidiaries have to resolve and to provide evidence that certain specific operational issues involving the Indonesia subsidiaries, administrative procedures in transferring the name to Ikkhasas, intercompany transactions between the Indonesia subsidiaries, its directors and TDM and the settlement of certain lawsuits filed by third parties against PT RKA, are resolved within the specific period stated in the CSPAs.

3. MATERIAL CONTRACTS (CONT'D.)

3.1 Acceptance of letter of offer in respect of the proposed disposal of the entire equity interests in PTRKA and PTSRA. (cont'd.)

In the current financial year, the directors reassessed that the criteria were met in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operation and continue to classify the assets and liabilities of the Indonesian subsidiaries as held for sale, as follows:

- (a) the assets and liabilities of the Indonesian subsidiaries are available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups); and
- (b) the sale is highly probable in view that:
 - i. the appropriate level of management has committed to a plan to sell the asset (or disposal group);
 - ii. entered into CSPAs with Ikhasas on 29 July 2022;
 - iii. the assets (or disposal group) are actively marketed for sale at a price that is reasonable in relation to its current fair value;
 - iv. the sale is expected to qualify for recognition as a completed sale within one year from the date of classification unless a delay is caused by events or circumstances beyond the Company's control while the Company remains committed to its plan to sell the assets (or disposal group); and
 - v. it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

3.2 Termination of the Heads of Agreement ("HOA") with Mutiara Premier Sdn. Bhd. ("MPSB") for the Proposed Build and Lease of a Specialist Hospital Building ("Proposed Project")

On 7 April 2022, KMI had entered into the HOA with MPSB, a wholly-owned subsidiary of Pelaburan Hartanah Berhad for the proposed build and lease of a specialist hospital building in Bandar Baru Tunjong, Kota Bharu, Kelantan Darul Naim.

MPSB will construct a specialist hospital building and upon completion of the construction of the specialist hospital building, MPSB shall lease the specialist hospital building to KMI.

On 20 January 2023, the HOA was terminated, as MPSB is unable to acquire the land for the purpose of the Proposed Project.

3.3 Business Transfer Agreement ("BTA") with Tawau Specialist Hospital Sdn. Bhd. ("TSHSB") for the acquisition of the business of operating Tawau Specialist Hospital ("TSH"); and Sub-Lease Agreement with Tawau Specialist Hospital Sdn. Bhd. for the Hospital Land together with the Hospital Building.

On 30 September 2021, KMI Tawau Medical Centre Sdn. Bhd. ("KTMC") had entered into:

- (a) Business Transfer Agreement ("BTA") with Tawau Specialist Hospital Sdn. Bhd. ("TSHSB") for the acquisition of the business of operating Tawau Specialist Hospital ("TSH") which is located at the postal address of TB 4551, Jalan Abaca, P.O. Box 61873, Tawau, Sabah, together with the assets related to the Business and assets for ambulatory care services ("Ambulatory Assets") (collectively the "Purchased Assets") at a purchase consideration of RM8,000,000, but subject to adjustment; and
- (b) Sub-Lease Agreement with TSH for the grant by TSH to KTMC of a sub-lease of the Hospital Land together with the Hospital Building for an initial period of 15 years and may be renewed for a further term of 15 years at the option of KTMC.

3. MATERIAL CONTRACTS (CONT'D.)

3.3 Business Transfer Agreement ("BTA") with Tawau Specialist Hospital Sdn. Bhd. ("TSHSB") for the acquisition of the business of operating Tawau Specialist Hospital ("TSH"); and Sub-Lease Agreement with Tawau Specialist Hospital Sdn. Bhd. for the Hospital Land together with the Hospital Building. (cont'd.)

(c) The salient terms of the BTA are as follows:

Purchased Assets

- i. the Business License and other permits;
- ii. tangible assets such as medical equipment, motor vehicle, office equipment, furniture, etc of the Hospital;
- iii. the Hospital's patient's medical records;
- iv. inventories such as drugs, foods, disposable, consumables and other supplies those located at the Hospital as at the Transfer Date;
- v. contractual rights of TSH under contracts to be assigned/novated to KTMC such as medical consultancy agreement made with the medical consultants, Hospital panelship, blood supply agreement made with the Government of Malaysia and selected business contracts ("Assumed Contracts"); and
- vi. the Ambulatory Assets.

Assumed Liabilities

- i. KTMC shall assume the future payment and performance of the following TSH's liabilities and obligations (collectively the "Assumed Liabilities") on and after the Transfer Date;
- ii. arising from the operation of the Business or the use or ownership of the Purchased Assets and the operation of the Assumed Contracts on and after the Transfer Date; and
- iii. under the Business License and the other permits on and after the Transfer Date, to the extent that such liabilities and obligations relate solely to the KTMC's use or ownership of the Business or the Purchased Assets.

All conditions precedent as provided under the BTA have been fulfilled on the Transfer Date of 26 May 2022.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents and any other related documents pertaining to this transaction will be made available for inspection at the registered office of our Company at Wisma TDM, 443D, Jalan Kamaruddin, 20400 Kuala Terengganu, Terengganu Darul Iman, during normal business hours from Sunday to Thursday (excluding public holidays) from the date of this Circular up to the date of the AGM:-

- i) our Constitution.
- ii) our audited consolidated financial statements for the past two (2) financial years ended 31 December 2022 and 2021.