



## TECK GUAN PERDANA BERHAD

(Company No. 307097-A)  
(Incorporated in Malaysia)

### SUMMARY OF KEY MATTERS DISCUSSED AT THE 25<sup>TH</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY HELD ON THURSDAY, 27<sup>TH</sup> JUNE 2019

Teck Guan Perdana Berhad ("the Company") is pleased to inform that:

- a. The Audited Financial Statements for the year ended 31 January 2019 of the Company together with the Reports of the Directors and Auditors thereon were laid and duly received at the Twenty-Fifth Annual General Meeting ("25th AGM" or "the Meeting") of the Company;
- b. All the resolutions as set out in the Notice of the 25th AGM of the Company dated 29 May 2019 were duly approved by the shareholders of the Company by way of poll at the Meeting held on 27 June 2019. The results of the polls were validated by independent scrutineer appointed by the Company;
- c. The Minority Shareholders Watch Group ("MSWG") has via its letter dated 17 June 2019 to the Board of Directors of the Company, raised some questions with regards to the strategy & financial and corporate governance matters. The Company presented the questions raised by the MSWG and the Board/Management's responses at the Meeting. The MSWG's questions and corresponding responses from the Board/Management are appended herewith as "Annexure A: MSWG Q&A 2019"; and
- d. Save for the above, there was no other key matters discussed arising from the above agenda or resolutions at the said meeting.

For and on behalf of  
**TECK GUAN PERDANA BERHAD**

  
**THAM VUI VUN**  
Chairman

27 June 2019



## **ANNEXURE A: MSWG Q&A 2019**

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### **Strategy & Financial Matters**

1. As stated in the Chairman's Statement on page 15 of the Annual Report 2019 (AR2019), all planted areas under oil palm segment of the Group have attained maturity with average crop age of 16 years. We note that 45% the total oil palm planted area of 753 hectares ("HA") are planted with oil palm trees of age 16-25 years (page 16 of AR2019).

- (a) What are your replanting plans going forward as well as the timeframe.

At present, there is no replanting planned for the said 45% of total planted area comprising trees of age 16-25 years as the said area continues to provide satisfactory FFB yield of 30 mt/HA, which is comparable to the FFB yield of 33 mt/HA for the area comprising trees of age 8-15 years.

- (b) What is the expected capital expenditure to be incurred for your replanting plans in 2019 and going forward?

As such, there is no allocation of capital expenditure for replanting purpose for the said area at present; nevertheless the management continues to monitor the FFB yield performance of the said area, in order to review for any crop replanting requirement.

2. On Note 6 (page 88 of AR2019), please clarify the following:

- (a) What is the nature of the nature of the "Miscellaneous" item under Other Operating Income? What is the reason for the increase in "Miscellaneous" item to RM797,958 (2018: RM425,264)?

Miscellaneous item would consists of income from sales of fruits, scrap irons, fees received from use of weighbridge, income from hiring of vehicles, other sundry income and the following three items mentioned herein contributing to the increased in Miscellaneous income for the year.

The increase in the Miscellaneous item compared to last financial year was due mainly to the fees from processing and transporting of Palm Kernel, income from washout of Palm Kernel Expeller contract and claim received from buyer of palm products arising from the excess in the surveyor report at final destination over the Bill of Lading quantity, in which these three items accounted for RM567,070 for the current financial year.

- (b) What is the nature of the Insurance Claim of RM350,000 (2018: RM23,399)?

The insurance claim arose from shortage of palm products shipped under CIF terms arising from destination volume per surveyor report against volume in the Bill of Lading.

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3. The Group's inventories written down was RM62,916 (2018: RM Nil) (Note 8, page 89 of AR2019).

(a) What is nature of these inventories written down?

The inventories written down comprised of cocoa powder shelf life which had expired and carried no economic value at the reporting date.

(b) What is the likelihood of further write-downs of such inventories, going forward?

The Management does not foresee any significant write-down of cocoa powder for the coming financial year based on current operating condition.

### **Corporate Governance Matters**

1. Datuk Hong Ngit Ming and Ms. Hong Dunn Yee only attended 3 out of 5 Board meetings (60%) during the financial year (page 21 of AR2019). What are the reasons for them not being able to attend the other two Board meetings during the financial year?

Datuk Hong Ngit Ming and Ms. Hong Dunn Yee were out of town attending to their prior commitment and thus were unable to attend the other two Board meetings during the financial year.

2. Practice 4.2 (of the Malaysian Code on Corporate Governance) - If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Teck Guan's response: Applied - (Annual shareholders' approval for independent directors serving beyond 9 years)

On page 11 of the Corporate Governance Report ("CG"), it was disclosed that the Board intends to continue to retain Mr. Tham Vui Vun who has served the Company for a cumulative term of more than 12 years by seeking shareholders' approval at the forthcoming AGM through the normal voting process (i.e. single tier voting process) as every shareholders should exercise their voting rights on the same level and each share shall entitled to one vote.

#### **MSWG's comment:**

Please take note that the two-tier voting process is consistent with the rights and powers attached to shares as accorded in the Companies Act 2016. In exercising the votes under two-tier voting process, each shareholder continues to have only one vote for each share held. Further clarification, please refer to the Frequently Asked Questions on the Malaysian Code on Corporate Governance ("MCCG") issued by the Securities Commission Malaysia ("SC") on 26 April 2017 (Revised: 5 July 2018) which is available on the SC's website.



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For the benefit of the shareholders present in the AGM, the said Frequently Asked Questions (FAQ), specifically FAQ No. 3.6 on whether two tier voting process contradict any provision under the Companies Act 2016 (particularly Section 291) or the Listing Requirements, is as follows:

“Section 291 of Companies Act 2016 (“CA 2016”) defines the application of ordinary resolution of members or a class of members of a company; that an ordinary resolution is passed by a simple majority of more than half of such members. It does not specifically deals with the appointment or re-appointment of directors.

Section 202(2) of CA 2016 states that the appointment of any subsequent director may be appointed by an ordinary resolution. In this section, the term ‘may’ is used and it is well settled that the use of the word ‘may’ in a statutory provision would not by itself show that the provision is directory in nature. Therefore, companies are allowed to determine the manner in which shareholders will exercise their rights in relation to the appointment or re-appointment of directors.

The two tier voting process is also consistent with the rights and powers attached to shares as accorded in the Companies Act 2016. In exercising the votes under two tier voting process, each shareholder continues to have only one vote for each shares held.”

The Board is of the view that:

- a. Section 202(2) of CA 2016 provides for the appointment of a person to the position of director by the shareholders in the circumstances where the appointment of such director is not effected by the Board. Unlike the appointment of a Director by the Board where in the case of a public company, such director so appointed shall hold office until the next annual general meeting whilst in the case of an appointment by the shareholders, such director shall hold office until he retires by rotation in the manner set out in Section 205. Practice 4.2 refers to a resolution to allow an existing independent director to continue in office as an independent director, so we believe that Section 202(2) does not apply in this case as its provisions are to be used for a new appointment and not for retention of position as independent director;
- b. Section 290(3) of CA 2016 provides that unless otherwise provided in the constitution, where CA 2016 does not specify the type of resolution required, the resolution of a company shall be passed as an ordinary resolution. So, in keeping with the spirit of Practice 4.2 of MCCG to seek shareholders’ approval to allow the independent director who has served more than 12 years to retain his independent status, the Company will seek shareholders’ approval by tabling an ordinary resolution as the Company’s constitution does not have specific provision to deal with the retention as independent director.
- c. Section 291 (1) provides that an ordinary resolution is passed by a simple majority of more than half such member entitled to vote and do vote in person or by proxy. Section 293 (1) (a) (iii) provides that on a vote by poll, every member shall have one vote in respect of each share held by him;
- d. Teck Guan Perdana Berhad has only one class of shares, namely ordinary shares and the shares held by each shareholder ranks pari passu. The members, irrespective of a major



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shareholder or minority shareholder is entitled to vote and each of the shares voted on will be counted towards determining if the ordinary resolution is passed.

- e. In the two tier voting process set out in Practice 4.2, the votes of the large shareholder (in Tier 1) is separated from the votes of the other shareholders (Tier 2). The ordinary resolution for the independent director to continue to act as independent position is passed if majority of both the Tier 1 and Tier 2 shareholders votes in favour. However, the resolution is deemed to be defeated where the vote between the two tiers differs. For example, where Tier 1 shareholders holding 60 million shares (representing 60% of issued capital) votes in favour of the resolution and Tier 2 shareholders holding 30 million shares (representing 30% of issued capital) votes against the resolution, the resolution is defeated. Such manner of voting decision is contrary to the 'one-share, one-vote' structure in CA 2016 and takes the principle of 'weighted voting right' structure which is not presently available in CA 2016. As such, we view that the two-tier voting process is in conflict with the provisions of CA 2016 and has no effect.
- f. As such, the Company will continue to use the single tier voting for the ordinary resolution to retain Mr. Tham Vui Vun in the capacity of an independent director.

Going forward, the Board will consider implementing two tier voting for retention of independent director who has served more than 12 years when there is clarity on the CA 2016 regarding two tier voting from Suruhanjaya Syarikat Malaysia.