

**APB Resources Berhad**  
Registration No. 200101029080 (564838 V)  
Incorporate in Malaysia

Summary of key matters discussed at the 19<sup>th</sup> Annual General Meeting held on 25 February 2021 and the responses from the Board of Directors.

**Question 1**

The much-anticipated recovery of the oleochemical sector began to show some positive signs in the later part of the year, as crude palm prices rebounded quite significantly. Also, there are more enquiries, and the Group participation in tenders has also been increasing (Page 14 of AR2020).

What is the outlook of the oleochemical industry for FY2021?

What is the Group's current tender book and its success rate for tenders?

**Response**

- (a) The continued strengthening of crude palm oil (CPO) over the past months will augur well for capital expenditure in the oleo chemical sector. This could raise demand for process equipment going forward. However the prevailing Covid-19 pandemic could potentially dampen this demand outlook if it is not being brought under control.
- (b) Notwithstanding the recent second/third wave of the infections outbreak, the group manages to maintain its last year orders book level. It has yet to witness any significant changes in the level of success on its tenders.

**Question 2**

The Group's trade receivables have increased significantly to RM33.9 million in FY2020 (2019: RM16.0 million). Out of the total trade receivables of RM33.9 million, 65% or RM22.0 million were more than 90 days past due but not impaired (Note 24, page 81 of AR2020).

How much of these trade receivables of RM22.0 million is related to the Group's major customers?

Why weren't any impairments made for these trade receivables as they have been long outstanding?

Any allowance for impairment losses expected for FY2021?

**Response**

- (a) About 85% of it are related to the Group's major customers.
- (b) These customers have long dealings with the Group and have good payment records, there is no indication of delinquency risk at this juncture. The Covid-19 pandemic has significantly caused the delay.

- (c) The Group adopts a strict approach in assessing its impairment requirement and works closely with the external auditors in its reviews. Such reviews and assessments are ongoing. We cannot comment at this juncture on potential impairment requirement for the current financial year. At the appropriate time, the Group will assess the situation.

### **Question 3**

Based on the Corporate Governance Report for FY2020 (“CG Report 2020”) of the Company on the application of the practices under the Malaysian Code on Corporate Governance, please provide clarification on the following:

#### **Question**

**Practice 3.1** – This practice requires the company to publish the Code of Conduct and Ethics on the company’s website.

**APB’s response:** Applied.

**MSWG’s comment:** The Code of Conduct and Ethics was unavailable upon checking on the Company’s website on 15 February 2021. The Company has inaccurately stated that it has applied the practice.

#### **Response**

The Code of Conduct and Ethics is stated in the Board Charter which is available on the Company’s website. It is not specifically classified under the heading of “The Code of Conduct and Ethics” on the website. We shall make a specific classification for this.

#### **Question**

**Practice 3.2** - The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

**APB’s response:** Applied.

**MSWG’s comment:** The Company stated it has applied this practice, however, the explanation on the application of practice was disclosed as a departure. Please confirm and take note of this.

#### **Response**

We thank you for pointing out the oversight in the “Corporate Governance Report”. Instead of a “blank” in this section, an error was made with “NA” stated there. Anyway, the Group has already set up a formal written policies and procedures on whistleblowing.

#### **Question**

**Practice 6.1** - The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company’s website.

**APB’s response:** Applied.

The Company does not have a written comprehensive remuneration policies and procedures to determine the remuneration of directors and senior management. The present policies on the remuneration of executive director and senior management take into consideration the scope of work, responsibility, experience, qualification, market situation, performance of the Group and individual performance.

**MSWG's comment:** The Company stated it has applied this practice, however, the explanation on the application of practice was disclosed as a departure. Furthermore, the remuneration policies and procedures was unavailable upon checking on the Company's website on 15 February 2021. It has inaccurately stated that it has applied the practice.

### **Response**

Although the Company does not provide a written set of "comprehensive policies and procedures" to determine the remuneration of directors and senior management, it does follow strict unwritten guidelines on these matters. Such has been in practices since the Company was listed in Bursa.

**Practice 6.2** - The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

**APB's response:** Applied.

**MSWG's comment:** The Terms of Reference of the Remuneration Committee was unavailable upon checking on the Company's website on 15 February 2021. It has inaccurately stated that it has applied the practice

### **Response**

The Company is currently reviewing and in the process of updating its Board Charter. When this is done the Terms of Reference of the Remuneration Committee will be posted on the Company's website.

### **Question**

**Practice 8.2** - The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

**APB's response:** Applied. None of the AC members are from former key audit partners of the Group's external auditors.

**MSWG's comment:** The Company has not applied the Practice 8.2, as the Audit Committee does not have a policy which requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

## Response

The Audit Committee currently does not have a written policy which requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee. However, the Audit Committee is fully aware and had observed this ruling diligently. To date the Company had not appointed any ex-external audit partner to the Audit Committee. The Audit Committee will incorporate this as its written policy.

## Question

**Practice 8.3** - The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

**APB's response:** Applied. The Company has no written policies and procedures to assess the suitability, objectivity and independent of external auditors. However, Audit Committee carries out the procedures to assess the suitability, objectivity and independent of the external auditors.

**MSWG's comment:** The Company stated it has applied this practice, however, the explanation on the application of practice was disclosed as a departure. As the Audit Committee has not established any written policies and procedures to assess the suitability, objectivity and independent of external auditors, the Company has inaccurately stated that it has applied the practice.

## Response

Although the Company does not provide a set of written policies and procedures to assess the suitability, objectivity and independence of the external auditor, the Audit Committee does conduct periodic assessment of the external auditor based on the three criteria.

## Question

**Practice 12.3** - Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate:

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

**APB's response:** Applied. The Company's general meetings are held at an easily accessible venue and not in remote location. Shareholders who are unable to attend are allowed to appoint proxies in accordance with the Company's Constitution to attend and vote on their behalf.

**MSWG's comment:** As the Company did not implement voting in absentia and remote shareholders' participation at AGM in 2020, the Company has inaccurately stated that it has applied the practice.

## Response

The Company explained that it does not has large number of shareholders and always held its Annual General Meetings at easily accessible venues. Thus, this is not an issue.

#### **Question 4**

Based on the Company's reply letter dated 3 March 2020 to MSWG's letter dated 18 February 2020, APB did not publish the summary of key matters discussed at its AGM held in 2019 as there was no key matters discussed.

Pursuant to Chapter 9, Paragraph 9.21(2) of the Bursa Malaysia's Main Market Listing Requirements ("MMLR") requires listed issuers to publish the summary of key matters discussed at the AGM, as soon as practicable after the conclusion of the AGM onto their websites.

The summary of key matters discussed at AGM held in 2020 was unavailable upon checking on the Company's website on 15 February 2021. Please comment on the absence of minutes or summary of key matters of the Company's AGM 2020 on its website.

#### **Response**

This was an oversight. The Company shall ensure that the summary of key matters that were discussed during the AGM 2021 and future AGMs be posted on the Company's website

#### **Question 5**

The written terms of reference of nominating committee and audit committee were not available on the Company's website upon checking on 15 February 2021, the Company has breached the following MMLR. Please explain.

- Chapter 15, Paragraph 15.08 A (2) of the MMLR states that the written terms of reference of nominating committee must be made available on the listed issuer's website.
- Chapter 15, Paragraph 15.11 A (2) of the MMLR states that an audit committee must have written terms of reference which deal with its authority and duties, and such information must be made available on the listed issuer's website.

#### **Response**

The Company is currently reviewing and updating its Board Charter, once this is done, the Term of Reference of the Nominating and the Audit Committees will be made available at the Company's website.

#### **Question 6**

Resolution 1 - To approve payment of Directors' fees for the year ended 30 September 2020. The quantum of Directors' fees that the Company is seeking for approval from shareholders is not stated in the Notice of AGM, as such shareholders may not be aware of the quantum of Directors' fees that they are voting for. What is the quantum of Directors' fees, in respect of which, the Company is seeking shareholders' approval?

#### **Response**

The proposed Directors' fees for the year ended 30 September 2020 amounted to RM180,000.00 was disclosed on page 22 of APB Annual Report 2020.

**Question from Lim Keng Joo**

What is the Group's position on Environment, Social and Corporate Governance (ESG)?

**Response**

Our Group has always paid close attention to environmental, social and corporate governance issues (ESG). This has formed part of its normal practice which are periodically reviewed to incorporate any changes in the operating environment and government regulations.