

## **BOUSTEAD HOLDINGS BERHAD**

Summary of Key Matters discussed at the 61<sup>st</sup> Annual General Meeting of Boustead Holdings Berhad (Boustead Holdings or the Company) conducted entirely through live streaming at Amphitheatre, Level 23, the Bousteador, No. 10 Jalan PJU 7/6, Mutiara Damansara, 47800 Petaling Jaya, Selangor and through live streaming from TIIH online at <https://tiih.online> Malaysia on Thursday, 15 June 2023 at 9.30 a.m.

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### **PRESENT:**

1. Shareholders - As per the Attendance List.
2. Proxy Holders - As per the Attendance List.

### **DIRECTORS PRESENT AT BROADCAST VENUE:**

1. YBhg. Dato' Ahmad Nazim Abd Rahman - Chairman / Non-Independent Executive Director
2. YBhg. Lieutenant General Dato' Fadzil Mokhtar (R) - Independent Non-Executive Director
3. YBhg. Dato' Seri Rosman Mohamed - Independent Non-Executive Director
4. Madam Pauline Teh @ Pauline Teh Abdullah - Independent Non-Executive Director
5. Encik Muhammad Fitri Othman - Non-Independent Non-Executive Director

### **MANAGEMENT PRESENT AT BROADCAST VENUE:**

1. Encik Izaddeen Daud - Group Chief Executive Officer
2. Encik Affendi Mohd Yob - Company Secretary

### **ABSENT WITH APOLOGIES:**

1. Encik Fahmy Ismail - Group Chief Financial Officer

### **IN ATTENDANCE:**

1. Ms. Ng Yee Yee - Representing External Auditors, Ernst & Young PLT (EY)

## **1.0 61<sup>st</sup> Annual General Meeting Proceedings**

The 61<sup>st</sup> Annual General Meeting (AGM) was conducted virtually in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia. This Guidance as well as the Malaysian Code of Corporate Governance encourage listed issuers to leverage on technology to conduct their general meetings.

## **2.0 Opening Address by Chairman**

The Chairman, YBhg. Dato' Ahmad Nazim Abd Rahman welcomed all members to the 61<sup>st</sup> Annual General Meeting (AGM) of the Company.

The Chairman proceeded to present his opening remarks. He briefed on the Company's detailed strategic review and developed plans, as follows:

- Boustead Holdings Berhad delivered a consolidated profit after tax of RM104 million on the back of RM15.1 billion in revenue. This represents an impressive increase of 34% from the previous year, despite the challenges faced.
- The Plantation Division, the largest contributor to the Group, posted a profit before tax of RM729 million, representing an exceptional increase from the RM345 million reported in the previous year. This was primarily attributable to higher crude palm oil prices, disposal of land and crop improvement programmes. Moreover, the Division achieved its highest revenue ever, reaching RM1.2 billion.
- Pharmaceutical Division was faced with a one-off impairment as a result of unsold vaccine inventories, while the Heavy Industries Division registered a loss mainly due to higher allowances on expected credit losses.
- The Group declared an interim dividend of 1.5 sen on 29 December 2022. The dividend was paid on 27 March 2023.
- Upholding Good ESG Practices - In addition to the Group's Anti-Bribery and Corruption Policy established in 2020 and other initiatives to enhance corporate governance, we also successfully attained Anti-Bribery Management Systems (ABMS) certification in 2022 with zero Non-Conformity and Opportunity for Impartments.

## **3.0 Presentation by Group Managing Director**

The Group Chief Executive Officer (GCEO) briefed on the performance of the Group for the financial year ended 31 December 2022 (FYE 2022). The presentation slides also covered explanation on the following areas:

### **Financial Performance**

The presentation slides also covered explanation on the following areas:

- Divisional Highlights for FY2022
- Financial Performance FY2022
- Revenue by Division
- Profit/(Loss) Before Tax and Zakat by Division
- Group Borrowings & Average Rate
- Divisional Outlook

The Group achieved an improved revenue of RM15.1 billion in 2022, up by 34% from the previous year. However, the Group's bottom line was impacted by the one-off impairment at the Pharmaceutical Division, while the Heavy Industries Division also registered a loss.

Despite this, other Divisions performed well, allowing the Group to record a profit before tax of RM420 million, while profit after tax stood at RM104 million. Net assets per share increased to RM1.63. This growth was driven by a higher shareholders' equity of RM3.3 billion.

#### **4.0 Matters raised by the Minority Shareholder Watchdog Group (MSWG)**

MSWG via a Letter dated 22 May 2023 raised several questions, which were replied by the Company via a letter dated 12 June 2023 and shared with the members of the Company during the AGM. A copy of the same is attached to these minutes as **Appendix A**.

#### **5.0 Significant Matters raised by Shareholders**

Shareholders/Proxies raised significant matters which were duly answered by the Board and members of Senior Management. A copy of the question and answer discussed is annexed hereto as **Appendix B**.

#### **6.0 Resolution Passed**

Based on the aforesaid results, the Chairman declared all the Ordinary Resolutions as set out in the Notice of the 61<sup>st</sup> AGM of the Company dated 28 April 2023 were duly passed by the shareholders.

The voting results are as follows:

NO	RESOLUTIONS	VOTE FOR		VOTE AGAINST		RESULTS
		NO OF SHARES	%	NO OF SHARES	%	
1.	Ordinary Resolution 1 Re-election of YBhg. Lieutenant General Dato' Fadzil Mokhtar (R)	1,966,563,472	99.99	193,280	0.009	Carried
2.	Ordinary Resolution 2 Re-election of Encik Muhammad Fitri Othman	1,966,560,572	99.99	196,180	0.010	Carried
3.	Ordinary Resolution 3 Payment of Directors' Fees, Allowances and Other Benefits from 16 June 2023 until the conclusion of the next AGM	1,966,520,044	99.99	235,697	0.012	Carried
4.	Ordinary Resolution 4 Re-appointment of Ernst & Young PLT as Auditors of the Company	1,966,639,022	99.99	124,731	0.006	Carried

NO	RESOLUTIONS	VOTE FOR		VOTE AGAINST		RESULTS
		NO OF SHARES	%	NO OF SHARES	%	
5.	Ordinary Resolution 5 Authority to Directors to Allot and Issue Ordinary Shares	1,966,547,435	99.99	215,818	0.011	Carried
6.	Ordinary Resolution 6 Renewal of Shareholders' Mandate for Recurrent Related Party Transactions	684,283	78.72	185,016	21.28	Carried

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions were voted by poll.

## **7.0 Record of Appreciation**

On behalf of the Board, the Chairman placed on record the Board's appreciation to the former Chairman, YBhg. Datuk Seri Mohd Redzuan Md Yusof and the former Group Managing Director, YBhg. Dato' Sri Mohammed Shazalli Ramly.

The Chairman also extended the Board's appreciation to former Board members, YBhg. Dato' Nonee Ashirin Dato' Mohd Radzi, YBhg. Tan Sri Abu Bakar Abdullah, YBhg. Senator Datuk Seri Hajjah Zurainah Musa and YBhg. Datuk Maulizan Bujang for their contributions as Directors of Boustead Holdings Berhad.

The Annual General Meeting concluded at 12.00 p.m.



12 June 2023

Minority Shareholders Watch Group  
Level 23, Unit 23-2, Menara AIA Sentral,  
No. 30, Jalan Sultan Ismail  
50250 Kuala Lumpur

Attention: Mr Devanesan Evanson  
Chief Executive Officer

Dear Sir,

**Boustead Holdings Berhad (“BHB” or “Company”) 61<sup>st</sup> Annual General Meeting on 15 June 2023**

We thank you for your letter dated 23<sup>rd</sup> May 2023. Our response to you is set out below:

**Operational & Financial Matters**

1. Despite recording an increased revenue to RM15,109.2 million in FY2022 from RM 11,305.5 million in FY2021, the Group’s operating profit margin (OPM) declined to 4.58% [(RM692.1 million/RM15,109.2 million) X100%] in FY2022 from 8.54% [(RM965.3 million/RM11,305.5 million) \*100%] (Page 260 of Integrated Report 2022/IR2022).

**How does the Board and management intend to address the year-on-year decline in the OPM rate moving forward?**

Reply:-

Based on the tabulation below, the reduction in the Group’s operating profit margin in FY2022 to 4.58% (FY2021: 8.54%) is primarily attributable to weaker contributions from the Heavy Industries, Plantation and Pharmaceutical Divisions.

Divisions	FY2022	FY2021
Property & Industrial	19.76%	5.79%
Plantation	24.87%	37.20%
Heavy Industries	-61.83%	16.08%
Pharmaceutical	2.30%	7.02%
Trading, Finance & Investment	1.62%	3.13%
Total Group	4.58%	8.54%



(cont'd)

The decrease in the Heavy Industries Division's operating profit margin to -62% (FY2021: 16%) was mainly due to lower revenue from both the shipbuilding and ship repair segments, coupled with an increase in operational costs tied to downsizing exercises and allowances on expected credit losses.

The Plantation Division, while recording increased revenue due to higher average palm product prices, faced a reduction in profit margin due to increasing input costs, notably fertiliser and labour.

The decrease in operating profit margin for the Pharmaceutical Division in FY2022 was primarily due to a significant decrease in Covid-19 vaccine sales compared to FY2021.

Moving forward, the Board and management will continue to focus on prudent cost management in order to boost operational efficiencies and improve profit margins.

- 2. While most of the Divisions performed commendably, the Pharmaceutical Division was faced with a one-off impairment as a result of unsold vaccine inventories while the Heavy Industries Division registered a loss mainly due to higher allowances on expected credit losses (Page 28 of IR2022).**

**What have the Board and management done to address the abovementioned issues and to ensure such instances will not recur?**

Reply:-

The Pharmaceutical Division's one-off impairment on the unsold Sinovac Covid-19 vaccine inventory in FY2022 has impacted the Group's results. The Board and Management are aware of the high stock level of the said Covid-19 vaccine amounting to RM561.4 million as at 31 December 2021.

To address the issue, we have embarked on initiatives to collaborate with strategic partners to facilitate the sale of these vaccine stocks to countries with low vaccination rates, primarily focusing on the African Region.

Moving forward, the Pharmaceutical Division will adopt a more stringent approach to its procurement activities.

(cont'd)

For the Heavy Industries Division, the higher allowance on expected credit losses arose mainly from a 2017 claim for 'Óbligasi Luar Kontrak' (Off-contract Obligation) for a shipbuilding project with the Ministry of Defence (MINDEF). Since then, the Division has been engaging in discussions, validations and justifications with MINDEF to recover the amount. However, due to a lack of definitive recovery indications, full provisions were made in FY2022.

As we progress, the Heavy Industries Division will adopt a more cautious approach in project selection.

3. **During the financial year, there was a net write down of goods for resale inventories to net realisable value of RM572.4 million (2021: RM25.7 million). As at 31 December, as there is no indication on the sale of COVID-19 vaccines inventory, a full provision of slow moving inventories amounting to RM552.4 million was made (Page 331 of IR2022).**

- (a) **What steps have the Group and management taken to deal with the inventory write-down issues during the year under review?**

Reply:-

In the year under review, the Pharmaceutical Division initiated several measures to reduce the accumulated Sinovac Covid-19 vaccine stock. This includes the ongoing collaboration with strategic partners to enable sales of the vaccine stocks to countries experiencing low vaccination rates, particularly those within the African Region.

- (b) **What is the latest prospect of selling or clearing the slow-moving inventories? Has the Group managed to sell or clear some of the inventories? If so, how much of the inventories have been sold or cleared to date?**

Reply:-

Pharmaniaga is currently collaborating with several strategic partners to facilitate the sale of the vaccine stocks to countries with low vaccination rates, with a particular focus on the African Region.

Whilst the discussion to sell the vaccine is on-going, Pharmaniaga has managed to sell minimal doses of Sinovac Covid-19 vaccine in FY2023.

4. **Asset monetisation** Boustead continued its strategy to review its business model and monetise nonstrategic assets, in order to focus its resources on its core divisions. In line with this, Boustead successfully completed the divestment of seven plots of industrial land in Bukit Raja and land held for development in Jalan Cochrane, for a total sales consideration of approximately RM790 million. In addition, Boustead completed the disposal of plantation land, netting a one-off gain of RM459 million (Page 38 of IR2022).

**Apart from the abovementioned asset monetisation exercises, are other non-strategic assets under consideration for (another) monetisation exercise? If so, what are those assets?**

Reply:-

The Group has successfully embarked on several monetisation strategies in recent years, unlocking value from non-strategic assets such as land at the Malakoff Estate, the Royale Chulan Bukit Bintang and Boustead Cruise Centre Sdn Bhd.

During the year under review, we undertook the strategic disposal of plantation land. This includes the disposal of Kulai Young Estate and partial disposal of land at Bukit Mertajam Estate. In addition, we also disposed our lands classified as inventories in Jalan Cochrane and Bukit Raja, Klang.

Moving forward, we will continue to review our asset portfolio to identify and realise its potential value. Any disposal considerations will be made only after a thorough evaluation of the asset's potential to ensure its true value is preserved and protected. In compliance with relevant laws, rules and regulations, any proposed disposals will be announced in a timely manner and necessary approvals will be sought when required.

If you like to have more information or clarification, you are welcome to contact the undersigned.

Yours faithfully,  
**BOUSTEAD HOLDINGS BERHAD**

  
**IZADDEEN DAUD**  
Group Chief Executive Officer





# Q&A SESSION

# Pre-Submitted Question from Shareholder

## Question 1

Can i get a copy of printed annual report.

- LOH BOON SIONG -



# Pre-Submitted Question from Shareholder

## Answer 1

For request of hardcopy annual report, you may request at <https://tiih.online> by selecting "Request for Annual Report" under the "Investor Service".



# Pre-Submitted Question from Shareholder

## Question 2

Company on going delisting , does dividend yearly practical remains year to years distribute ?

What would company do better for moving forwards, more revenue and dividend distribute increase ?

- KOW LIH SHI-

# Pre-Submitted Question from Shareholder

## Answer 2

The future payment of dividend will be guided by the profitability and availability of cash for the Company as stipulated under Companies Act 2016. In addition, the dividend payment will also follow current Dividend Policy.



# Pre-Submitted Question from Shareholder

## Question 3

Please give us some door gifts/e vouchers/e wallet for attending this RPV as a token of appreciation.

Tq

- TEE BENG HEE-



# Pre-Submitted Question from Shareholder

## Answer 3

As mentioned in The notice for The Annual General Meeting, we have specified that no voucher will be provided to The shareholders.

Thank you for your continuous and full support.

