



Securities Investors Association (Singapore)

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: admin@sias.org.sg www.sias.org.sg

UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Global Palm Resources Holdings Limited

Security: Global Palm Resources Holdings Limited

Meeting details:

Date: 30 April 2019

Time: 2.00 p.m.

Venue: Duke & Duchess Room, Level 2, Copthorne King's Hotel, 403 Havelock Road, Singapore 169632

Company Description

Global Palm Resources Holdings Limited (Global Palm Resources) is a Singapore-based oil palm producer. The Company is principally an investment holding company. The Company is engaged in the provision of management services. The Company operates through the plantation segment. The Company is involved in the cultivation, harvesting and processing of oil palm fruit into crude palm oil (CPO) and palm kernel for sale. Global Palm Resource's plantation and mill is located in West Kalimantan. The Company's subsidiary, Global Palm Resources Private Limited, is an investment holding company, which holds PT Prakarsa Tani Sejati. PT Prakarsa Tani Sejati is engaged in the manufacturing of plantation products (crude palm oil and palm kernels).

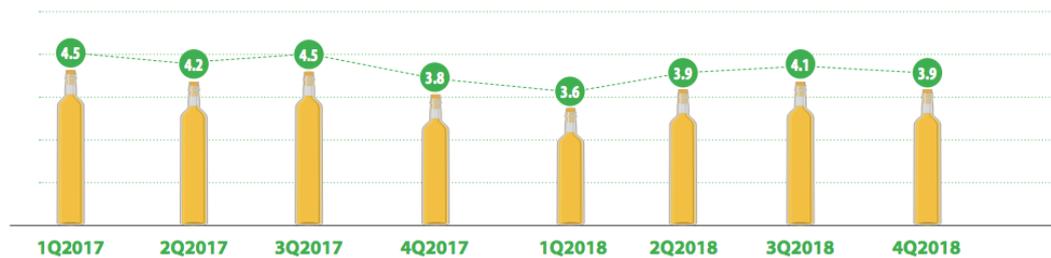
(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=BLW)

Q1. Would the board/management provide shareholders with better clarity on the following operational matters? Specifically:

- (i) **FFB yield:** In FY2018, the FFB yield slipped from 17.7 tonnes/ha to 16.6 tonnes/ha. **What were the reasons for this drop?**

FFB YIELD (tonnes/ha) – Nucleus

FY2018 – 16.6
 FY2017 – 17.7



(Source: Company annual report)

- (ii) **Average selling price:** The average selling price of Crude Palm Oil (“CPO”) decreased 17% to Rp6,609/kg (S\$0.62/kg) while the ASP for PK decreased 12% to Rp4,988/kg (S\$0.47/kg) in FY2018. **How does the group mitigate the risks associated with spot CPO/PK prices?**
- (iii) **Gross profit margin:** Gross profit margin decreased to 9.1% in FY2018, compared to 24.2% in FY2017. **Other than the fluctuations in CPO and PK prices, what were the other reasons for the drop in the group’s gross profit margin?**
- (iv) **Age profile:** Would management show the age profile of its planted area in greater detail? For example, a common classification is to breakdown the planted area by immature (0-3 years), young (4-7 years), prime (8-17 years) and old (>18 years).

Q2. The remuneration of the executive directors for the past 3 years is shown below:

2018				
Directors	Fees	Salary/ Allowance	Bonus/Benefit	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Dr Tan Hong Kiat @ Suparno Adijanto	-	338	106	444
Ivan Swandono	-	107	29	136

2017				
Directors	Fees	Salary/ Allowance	Bonus/Benefit	Total
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Dr Tan Hong Kiat @ Suparno Adijanto	-	250	22	272
Ivan Swandono	-	98	17	115

2016				
Directors	Fees	Salary/ Allowance	Bonus/Benefit	Total
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Dr Tan Hong Kiat @ Suparno Adijanto	-	259*	43	302*
Ivan Swandono**	-	89*	18*	107*

(Source: Adapted from 2018, 2017 and 2016 Company annual reports)

Over the past three years, the financial performance of the group is shown below:

Rp '000	FY2016	FY2017	FY2018
Revenue	385,737,762	460,279,845	338,577,890
Gross profit	91,690,072	111,331,203	30,689,116
Gross profit margin (%)	23.8	24.2	9.1
Profit/(loss) before income tax	69,875,549	69,869,191	(4,462,848)
Profit/(loss) for the financial year	48,494,133	45,630,639	(7,509,599)
Profit/(loss) attributable to:			
Owners of the parent	46,423,255	42,686,592	(7,395,850)
Non-controlling interest	2,070,878	2,944,047	(113,749)
	48,494,133	45,630,639	(7,509,599)

In FY2018 when the group experienced a loss of Rp(7.5) billion, the executive chairman and CEO received a 35% increase in his base salary and a bonus of approximately 30% of the base salary. The total remuneration of the executive chairman and CEO increased by 63% from the previous year (FY2017).

- (i) **When did the remuneration committee (RC) last review the remuneration packages of the executive directors?**
- (ii) **What were the key performance indicators used to assess the performance of the directors?**
- (iii) **Is a significant and appropriate proportion of the executive directors' remuneration linked to corporate and individual performance?**

Q3. The board comprises 5 directors, including 3 of whom are independent.

The independent directors are Yee Kit Hong, M. Rajaram and Guok Chin Huat Samuel. All three directors were first appointed on 16 March 2010. As such, all 3 directors have served on the board for more than 9 years.

At the company's annual general meeting scheduled to be held on 30 April 2019, Mr Guok Chin Huat Samuel will be retiring pursuant to the Constitution of the Company and will be seeking his re-election.

- (i) Can the company help shareholders recall if it has appointed any independent director ever since it got listed?**
- (ii) What is the search and nomination process for directors, especially independent directors?**

In August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance ("2018 CG Code"). As a consequence of the revised 2018 CG Code, the Singapore Exchange has made amendments to its Listing Rules which came into effect on 1 January 2019, except for the rules on the 9-year tenure for independent directors and the requirement for independent directors to comprise one-third of the board which come into effect on 1 January 2022. Under the revised Listing Rules, the term of an independent director will be limited to nine years after which the long tenured directors will be subject to a two-tier vote by shareholders.

- (iii) Has the company evaluated the impact of the 2018 CG Code and the amendments to the Listing Rules on the board?**
- (iv) Can the nominating committee (NC) elaborate further on the succession plans for the board and other key management positions?**
- (v) Has the nominating committee reviewed the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed in future director appointments?**
- (vi) What are the company's near term plans to refresh the membership of the board to comply with the new 2018 Code in good time?** Reconstituting the board early to comply with the new 2018 Code would avoid undue disruption and help to maintain institutional knowledge and continuity in the board.