

# **GPA HOLDINGS BERHAD**

(Company No. 493897-V) (Incorporated in Malaysia)

**Summary of key matters discussed at the 18<sup>th</sup> Annual General Meeting of the Company held at Bukit Kiara Equestrian and Country Resort, Dewan Perdana, 1<sup>st</sup> Floor, Sport Complex, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 26 September 2017 at 10.00 a.m.**

## **OPENING**

Meeting started at 10.00 a.m. with a welcome address from the Chairman. The Chairman explained the meeting and polling procedures.

## **AGENDA ITEM 1**

### **AUDITED FINANCIAL STATEMENTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**

This item is meant for discussion only, and is not a business which requires a resolution to be put forward for voting by the shareholders.

The audited financial statements of the Group and the Company for the financial year ended 31 March 2017, together with the Reports of the Directors and Auditors thereon, were received and noted by the members/proxies present.

The key questions raised by members/proxies and the corresponding answers by the Directors, the Advisor and the Management of the Company on this item are as follows :-

#### **Question 1**

The Board was asked how the Group would move forward with its renewed business model of pure trading and distribution of batteries after the cessation of its manufacturing operations.

#### **Answer 1**

The Board responded that the manufacturing plant of the Group had completely ceased operation in November 2015 and the Group had since then focused its business in distribution and trading of imported maintenance-free ("MF") automotive batteries. Since January 2016, the Group had completely switched to a full trading and distribution business model by importing batteries from various suppliers. The Group had entered into business collaboration with Korea and Indonesia for purchase of MF batteries under GP's own brand.

The Group had focused on marketing and distribution management especially on brand rebuilding and promotional activities to reach out to a wider market. Various initiatives had been carried out to increase brand awareness of the Group's products to reach out to end users with improved product visibility. The Group had also strengthened its marketing team and developed more in-depth marketing strategies. As a result, the Group's margin had shown improvement, eventhough on decreased Group revenue.

The Board further informed that the current volatility in foreign exchange and lead prices were affecting the overall importation cost and thus hurting trading margins. The Group had taken the necessary internal measures to mitigate the volatilities and address the issues ahead such as gradually downsizing the Group's business operations and workforce. In addition, various cost control initiatives and risk control measures had been taken to mitigate risks exposure while working towards maintaining existing sales channels and growing new channels for bigger market presence in the current challenging economic environment.

The Group would continue to improve its market competitiveness through quality and service enhancements and continue to identify and materialise more business opportunities both locally and overseas. The Group would also intensify its marketing activities with new maintenance-free batteries and broaden its advertising and promotional campaigns such as launching more aggressive brand building campaigns in the near future.

**Question 2**

The Board was asked if any measures have been taken by the Company to improve performance of the Group with the view of making dividend payment to shareholders.

**Answer 2**

The Board responded that apart from the strategic plans briefed to the meeting earlier, other measures which had been planned for the Group with the objective of improving its performance and margin, included the following :-

- sourcing products from overseas for the Group's sealed lead acid batteries (SLA) business;
- venturing into various models of GP brand motorcycle batteries within Malaysia;
- to explore other supplementary/support business; and
- to identify new products available from current suppliers such as Johnson Controls.

And when profitability of the Group improves, the Company may consider payment of dividends to shareholders.

**Question 3**

On the direction of leadership of the current Board of Directors of the Company and its influence on the Group's business direction.

**Answer 3**

The Board replied that it had not shift the focus of core business of the Group, which remained in the automotive batteries business. At this point in time, the Company had no intention of diversifying its business into other areas, other than those related to automotive batteries. In the past, when the Group was involved in manufacturing, the distribution channels of the Group were limited to distributors. However, after changing its business model to purely distribution and trading business, the Board decided to expand the Group's distribution network by extending the marketing coverage of its products from purely distributors, to dealers and retailers as well.

**Question 4**

On the rationale for discontinuation of used car business.

**Answer 4**

The Board explained that the used car business did not provide significant contribution to the revenue of the Group whilst sharing management resources within the Group. The Board decided that the Group should concentrate on transforming and growing its batteries business, moving from the manufacturing platform to the trading platform, whilst implementing cost-reduction initiatives which include downsizing the management at the same time. Thus, the Board decided to discontinue the used car business.

**Question 5**

On the details of Other Income of RM20.802 million for financial year 2017 as stated in page 44 of the Annual Report.

**Answer 5**

The Management explained that the aforesaid other income was in respect of income derived from disposal of property of RM12.428 million (as stated in page 74, Note 5 : Gain on disposal of property, plant and equipment and non-current assets held for sale”), sales of scrap and rental income.

**Question 6**

On the details of Hire-Purchase of RM112,000 for financial year 2017 as stated in page 73 of the Annual Report.

**Answer 6**

The Management explained that the aforesaid Hire-Purchase item was in respect of interest payment. The interest was paid together with full repayment of Hire Purchase facility.

**Question 7**

On whether there would be any subsequent impairment to be made on assets of the Group.

**Answer 7**

The Management responded that the Group had made the necessary impairments when switching from manufacturing to trading platform. There are no further impairment on assets of the Group except for some retrenchment costs to be incurred in line with the rightsizing exercise of the Group.

**Question 8**

On the provisions made for the legal cases as stated in pages 101 and 102 of the Annual Report.

**Answer 8**

**i) Legal suit by subsidiary (GP Autobat Sdn Bhd or “GPA”) against Battery Solutions Sdn Bhd**

The Management informed that a full provision of RM1,213,990 had been made in the audited financial statements of GPA for the financial year ended 31 March 2014, in respect of claims filed against GPA for alleged breach of contract.

**ii) Legal suit by subsidiary against Global Battery Technologies Sdn Bhd**

The Management informed that no provision had been made on the legal suit as the matter was still awaiting trial as at the date of the meeting.

**AGENDA ITEM 2**

**PAYMENT OF THE DIRECTORS' FEES :-**

- **ORDINARY RESOLUTION 1**
    - **RM47,000 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**
  - **ORDINARY RESOLUTION 2**
    - **RM54,000 FOR THE PERIOD FROM 1 APRIL 2017 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY**
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No questions were raised by members/proxies on these items.

**AGENDA ITEM 3**

**RE-ELECTION OF DIRECTORS RETIRING IN ACCORDANCE WITH ARTICLE 83 OF THE COMPANY’S ARTICLES OF ASSOCIATION :-**

- **ORDINARY RESOLUTION 3**
    - **RE-ELECTION OF MR POH WENG CHOON**
  - **ORDINARY RESOLUTION 4**
    - **RE-ELECTION OF MR LEE YU-JIN**
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No questions were raised by the members/proxies on these items.

**AGENDA ITEM 4**

**ORDINARY RESOLUTION 5**

**RE-APPOINTMENT OF MESSRS PKF AS AUDITORS OF THE COMPANY**

No question was raised by the members/proxies on this item.

**POLL RESULTS**

All resolutions tabled at the Meeting were carried.