

Question 1:

On the Integrated Livestock Farming division, is there any possibility that QL may venture into duck eggs instead of just chicken eggs?

Answer:

SKooi explained that the market for duck eggs in Malaysia is very small as it is consumed by non-Muslims only. Unlike Vietnam, they consume more duck eggs and in Bali, Indonesia they eat ducks. In fact the veterinary Dept of Malaysia has promoted in Sabah the business of rearing ducks but has not been successful. Hence, unless it is a scalable business QL would not be venturing into it.

Question 2:

In relation to Family Mart. What segment would QL be positioning itself in this competitive business, its strategy, the intended number and locations of the stores, the expected CAPEX for the current financial year and the gestation period involved. It is observed that the kedai runcit has evolved to stores like 99 Speedmart, Bishon etc. Meanwhile, My News has food, ready to eat, 7-Eleven the convenience of payment of utilities bill, top up etc. Further, the existing players are very aggressive eg. 7-Eleven will be opening another 200/300 stores, My News are now listed and hence would have the funds to grow further, whereas 99 Speedmart mushrooming in every township.

Answer:

Lik Khai, the Group Corporate Development Director, in charge of FM responded that today's convenience store in Malaysia are indeed an upgraded version of kedai runcit, sell package goods, snacks, top up payment etc. However, similarly in Taiwan or Japan, the main difference is more of the upgraded and more interesting food varieties, package consumer food and upgraded food served fresh; ready to eat food.

For the 1st year, the plan is to set up 20 to 30 stores, in 5 years to have approximately 300 outlets, On the CAPEX, for the 1st year it is estimated to be around RM10 million inclusive of set up of the infrastructure, which less than 5% of QL's CAPEX. It's initial contribution would be small and hope to build it into a scalable business in 5 years.

Dr Chia added that the gestation period for the business is slightly long but it's a scalable business and its contribution very much depends on how fast QL moves, it could be 3, 5 or 7 years for it to reach breakeven.

Suggestion from the floor

Encik Mohd Yusof Bin Hussain briefed that he is confident in the Board of QL and its results. However he highlighted with regards to the good corporate governance practises, he opined that the Chairman of the Board should not also be the Chairman of other Committees. Bank Negara has issued an instruction on this matter. SC has made a ruling that the Chairman of NC is to evaluate the performance of the Audit Committee and its members. Hence, there would be a transparency issue. He suggested that the Board should seriously review this matter and do the right thing.

The Board noted the above suggestion and will bring it for consideration at the next Board meeting.

Question 3:

On the future of palm oil activities business, as the palm oil pricing is not good, does QL have plans to acquire more palm oil estates? What is QL's strategy for the next few years time?

Answer:

Dr Chia replied that QL is still focusing on developing its 5K acres land. The outlook is still challenging for this industry, the overall production in Malaysia and Indonesia is trending up for the past years and will be so moving forward. At this juncture, the Company has no plans to acquire more land.

Question 4:

Enquiry on whether the Board is considering to replace the Independent Directors that has been Directors of the Company for more than 9 years as recommended by MCCG 2012.

Answer:

The Chairman informed that the Nominating Committee has made assessment and that the Board has after consideration decided to propose to retain the Independent Directors and in accordance with the MCCG 2012 seek shareholders approval from year to year.