

## MINORITY SHAREHOLDERS WATCH GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia – Registration No.: 200001022382 (524989-M))

New Straits Times, Business Times – Monday, October 19, 2020

### MSWG AGM/EGM WEEKLY WATCH 19 - 23 OCTOBER 2020

For this week, the following are the AGMs/EGMs of companies which are in the Minority Shareholders Watch Group's (MSWG) watch list. The summary of points of interest is highlighted here, while the details of the questions to the companies can be obtained via MSWG's website at [www.mswg.org.my](http://www.mswg.org.my).

#### The AGMs/EGMs for the week:

| Date & Time                  | Company                    | Venue   |
|------------------------------|----------------------------|---|
| 21.10.20 (Wed)<br>09.30 am   | Nylex (Malaysia) Bhd (AGM) | Broadcast Venue, No. 2A, Jalan 13/2, Seksyen 13, PJ                       |
| 21.10.20 (Wed)<br>11.30 am   | Ancom Logistics Bhd (AGM)  | Broadcast Venue, No. 2A, Jalan 13/2, Seksyen 13, PJ                       |
| 21.10.20 (Wed)<br>02.30 pm   | Ancom Bhd (AGM)            | Broadcast Venue, No. 2A, Jalan 13/2, Seksyen 13, PJ                       |
| 22.10.20 (Thurs)<br>09.30 am | TAS Offshore Bhd (AGM)     | Tanahmas Hotel, Jalan Kampung Nyabor, Sibn, Sarawak                       |
| 22.10.20 (Thurs)<br>10.00 am | Kornarkcorp Bhd (AGM)      | Broadcast Venue at Meeting Room TR12-R02, Menara Symphony, Seksyen 13, PJ |

#### One of the points of interest to be raised:

##### Company Points/Issues to Be Raised

**Nylex (Malaysia) Bhd (AGM)**  
Ancom Berhad, the holding company of Nylex has proposed a restructuring exercise on 16 July 2020, involving its two subsidiaries namely - Ancom Logistics Berhad (ALB) and Nylex. The restructuring exercise will see ALB disposing its synergy Trans-Link Sdn Bhd to Nylex.

The Board has approved the proposed acquisition in principle subject to the terms and conditions to be determined later (Nylex's announcement dated 16 July 2020).

How has STL performed financially in recent years? How will the proposed acquisition of STL be in the best interest of Nylex's shareholders? How will the acquisition strengthen Nylex's existing industrial chemicals business?

**Ancom Logistics Bhd (AGM)**  
On 1 September 2020, ALB entered into an Offer to Purchase Agreement ("OTP") with S7 Holdings Sdn Bhd ("S7") whereby S7 agreed to deal exclusively with ALB for the sale of 901,321,377 ordinary shares (the "Sale Shares") representing 76.38% of the entire issued and paid-up share capital of S7 Holdings Inc. ("S7").

ALB placed a refundable deposit of RM10,000,000 ("Refundable Deposit") with S7 on execution of the OTP (Bursa announcement dated 1 September 2020).

What was the basis and justification to arrive at the RM10 million refundable deposit?

- (a) Is the Refundable Deposit being placed in an escrow account? If not, why?  
(b) How was the Refundable Deposit funded?  
(c) With the placement of RM10 million as a deposit, does the Group have sufficient cashflow for its operations?

**Ancom Bhd (AGM)**  
As at end of FY20, Ancom made an impairment amounting to RM21.86 million on its trade receivables of RM221.07 million (page 114 of AR2020). The impaired amount is 9.8% of the total receivables during the year, as compared to 7.98% in FY19 (or equivalent to RM23.13 million out of total RM290 million trade receivables in FY19).

What are the measures that could be taken to ensure better collection in the future? Given the significant impairment made, is there a need for Ancom to tighten its credit policy in order to reduce the risk of non-payment by customers?

- (a) Why did the Company not renegotiate the terms of trade receivables or secure collateral or credit enhancement for trade receivables during FY20?

**TAS Offshore Bhd (AGM)**  
Revenue has been declining for the past 3 years since 2018 from RM48.46 million to RM16.18 million (page 5 of AR2020). The Group recorded revenues of RM16.18 million for FYE2020, which was mainly attributable to sales of tugboats and ferry to Indonesia and Singapore (page 10 of AR2020).

Given that the demand for offshore support vessels is expected to remain low in the near future, and the slowdown in coal mining industry in Indonesia is expected to have negative impact on the demand for tugboats, has there been a change in the Group's strategies to address the declining annual performance?

**Kornarkcorp Bhd (AGM)**  
Kornarkcorp has a low cash level of RM2.86 million against total borrowings of RM8.65 million as of 30 April 2020 (pages 52 & 53 of AR2020). With the new face-mask business commencing soon, how will the current low cash level be able to sustain the required working capital for the new face-mask business and the existing labelling business?

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