

MINORITY SHAREHOLDERS WATCH GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia – Registration No.: 200001022382 (524989-M))

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MSWG AGM/EGM WEEKLY WATCH 23 - 27 AUGUST 2021

MSWG had issued AGM/EGM letter to the following PLCs for their shareholders meeting held from 23 - 27 August 2021

The extraction of the question raised in the letter is highlighted here. For the details of other questions, please login to MSWG website at www.mswg.org.my.

One of the points of interest to be raised:

Points/Issues to Be Raised

Dominant Enterprise Bhd (AQM)
In FY2021, the Distributing of wood products segment recorded another impairment loss on trade and other receivables amounting to RM1,532,327(FY2020: Impairment loss of RM429,665) (Pages: 96-97 of the Annual Report 2021).

- (a) Which trade and other receivables are involved in the impairment exercise?
- (b) Are there any prospects of reversing the impairment loss for both receivables in FY2022? If so, what is the expected amount of the reversal of the impairment loss?
- (c) How much of these impairment losses have been recovered to-date?

SAM Engineering & Equipment Bhd (AGM)
The Equipment business achieved 63.5% higher revenue than the previous financial year, to RM701.8 million. The increase was mainly due to stronger demand in the semiconductor and data storage industries. PBT for the Equipment business increased by 66.9% to RM104.0 million compared to previous financial year. (Page 16 of Annual Report – AR)

What percentages of increases in both revenue and PBT were attributed to semiconductor and data storage industries respectively? For approximately how long is the stronger demand expected to last?

WCE Holdings Bhd (AGM)

1. There is an impairment loss recorded for other receivables in FY2021. The impairment loss is related to an amount of RM2,384,110 representing interest receivable from the disposal of the second tranche of 400,000,000 ordinary shares held in Talar. Transform Berhad, a former associate of the Company (Pages 104 - 105 of the Annual Report 2021).

- (a) Is the amount recoverable? If so, what is the expected recoverability amount in FY2022?
 - (b) What event caused the impairment to be made in FY2021 and not earlier?
 - (c) Has any of this impairment loss been recovered to-date?
 - 2. Other income increased significantly from RM1,465,000 in FY2020 to RM9,246,000 in FY2021 (Page 54 of the Annual Report 2021).
- What are the reasons for the significant increase in other income? What is the outlook for other income in FY2022?

PNE PCB Bhd (AGM)

The Group has been developing other markets such as manufacturing, sales and distributor of surgical face masks in April 2021 to reduce its dependence on PCBs. Besides, the Group had on January 2021 announced that it will be diversifying into the manufacture and sale of rubber gloves after taking into consideration the current market demand for rubber gloves. (Page 36 of AR)

How will the Group manage the risks of the lack of/inadequate experience and expertise in these unrelated diversified businesses and the potential oversupply of rubber gloves?

Eastern & Oriental Bhd (AGM)

The Group had awarded construction contracts of RM55.1 million in FY2021 to Kerjaya Prospek Group Bhd ("KPGB"), where Datuk Tee Eng Ho is a major shareholder of the Company as well as KPGB. These contracts are related party transactions entered on terms mutually agreed between the parties. (Page 205 of AR)

The Group has also awarded RM223.3 million construction contracts in relation to piling and main building construction works, bridge construction, edge protection and reclamation works at Seri Tanjung Pinang Phase 2 and other E&O projects to companies within the KPGB. (Page 97 of AR).

(a) Why are the related party transactions entered with KPGB on terms 'mutually agreed' between the parties instead of on an 'arm's length' basis?

Are the 'mutually agreed' contract terms in the contracts awarded to KPGB more favorable compared to 'arm's length' terms?

(b) Please explain the process of awarding construction contracts to contractors including when they are at 'arm's length' and when they are 'mutually agreed' and whether there are tender processes involved.

Alliance Bank Malaysia Bhd (AGM)

Alliance Bank's credit policy prohibits lending to illegal business activities that cause environmental harm (page 32 of AR2021).

What are the prohibited business activities listed in Alliance Bank's lending policies? Has the Bank integrated the environmental, social and governance (ESG) aspects in its lending policies? If yes, what are the measurable goals, targets, KPIs established to support the agenda?