

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 24 – 25 SEPTEMBER 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.

The AGMs/EGMs for the week:

Date & Time	Company	Venue
24.09.20 (Thurs) 10:00 am	KUB Malaysia Bhd (AGM)	Function Room, KUB Malaysia, Capital, Oasis Square, Ara Damansara, PJ
24.09.20 (Thurs) 03:00 pm	Eksosns Corporation Bhd (AGM)	LA Hotel, MPT No. 299, Jalan St. Patrick, Tawau, Sabah
25.09.20 (Fri) 09:00 am	Kanger International Bhd (AGM)	The Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, KL
25.09.20 (Fri) 09:30 am	NTPM Holdings Bhd (AGM)	Bukit Jawi Golf Resort, Sungai Bakap, Seberang Prai, Penang
25.09.20 (Fri) 10:00 am	SKP Resources Bhd (AGM)	Melati Room, Bangi Resort Hotel, Bandar Baru Bangi, KL
25.09.20 (Fri) 10:30 am	Kossan Rubber Industries Bhd (EGM)	Kossan R&D Centre, PT 7836, Kaw, Perindustrian Meru Selatan, Klang
25.09.20 (Fri) 11:00 am	Southern Acids (M) Bhd (AGM)	Setia City Convention Centre, Jalan Setia Dagang, Shah Alam

One of the points of interest to be raised:

Points/Issues to Be Raised

KUB Malaysia Bhd (new) (AGM)
Total remuneration paid to former president and group managing director Datuk Abdul Rahim Mohd Zin increased approximately 25% year-on-year to RM1.62 million from RM1.3 million in FY18. The salary component in the total remuneration increase by 30% to RM1.13 million from RM870,000 in FY18 [Page 91, Note 11 Directors' Remuneration, AR2019].
Given that revenue has declined 23% and the Company is making losses from continuing operations in FY19 [refer to Q1], what is the rationale for the significant increase in remuneration for Datuk Abdul Rahim?

Eksosns Corporation Bhd (AGM)

The timber Division's inventories were written down by RM111.7 million in FYE 2020 (FY19: RM4.6 million) due to the weak demand and lethargic economic conditions. [Page 13 of AR 2020]
[a] Does the Company foresee major write downs for its timber Division's inventories for FYE 2021 given the weak prevailing business conditions?
[b] If so, what is the projected amount of write downs in inventories that the Company expects going forward for FYE 2021?

Kanger International Bhd (AGM)

Total directors' remuneration increased substantially by 63% from RM462.6 k for FYE 2018 to RM754.3k in FYE 2019. [Page 68 of AR 2019]

SKP Resources Bhd (AGM)

Revenue from 1 major customer amounted to RM1,394,447,000 (2019: RM1,225,928,000), arising from sales of plastic products segment. [Page 122 of ARI]. The revenue contribution from the major customer constituted 76.3% and 74.1% of the respective Group revenue in FY2020 and FY2019.
How long has the Group been dealing with this customer? What are the risks and probability of the customer exiting from any business deals with SKP?
What measures have SKP taken or will institute to mitigate the customer concentration risk?

Southern Acids (M) Bhd (AGM)

The Oleochemical segment had incurred losses in the last two financial years (FY20 - RM3.2 million; FY19 - RM2.4 million). The loss before tax of RM3.2 million in FY20 was due to a decline in average selling price (ASP) of fatty acids and glycerine, notwithstanding a higher sales volume [page 12 of Annual Report 2020].
[a] What are the current dynamics of demand vs supply, and ASPs for the two key products?
[b] What is the outlook and catalysts for the Oleochemical segment in FY21 and FY22? Will the segment be profitable in FY21?
[c] SAB has cited competition, forex risk from exports and substitution of petrochemical products as the key risks faced by the Company.
To what extent does petrochemical products pose a threat as substitutes to SAB's oleochemical products? What is the percentage of SAB's oleochemicals product portfolio that can be substituted with petrochemical products?