

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 126 - 30 APRIL 2021

MSWG had issued AGM/EGM letter to the following PLCs for their shareholders meeting held from 26 - 30 April 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:

Company

Points/Issues to Be Raised

Lotte Chemical Titan Holdings Bhd (AGM)

Despite a major statutory turnaround and headwinds facing the petrochemical industry in FY2020, LCT's operating profit has increased by 5% to RM272 million, from RM260 million in 2019 due to improved Polymer to Naphtha margin. Nevertheless, PAT was lower at RM154 million from RM44.3 million recorded in FY2019, primarily due to higher share of losses from its U.S. associate's operations (page 36 of IAR).

(a) Will the improved polymer to naphtha spread experienced in 2020 be sustainable in 2021?

(b) LCT recorded a share of loss of associates amounting to RM119.25 million in FY2020 (FY2019: a profit of RM158.26 million). Excluding the one-off gain of RM139.5 million recorded in FY2019 arising from an equity stake disposal exercise, the y-o-y comparison suggests a worsening performance of LCT's 40% associate - Lotte Chemical USA Corporation (LCUC).

What were the main reasons for the share of losses from its U.S. associate's operations? What are the catalysts to enable a turnaround performance of LCUC?

Westports Holdings Bhd (AGM)

The Group's accumulated impairment loss on trade receivables have increased significantly to RM8.1 million in FY2020 (FY2019: RM1.9 million) (Note 18, page 71 of AR 2020).

(a) What were the reasons for the high impairment loss on trade receivables?

(b) What actions have been taken to recover the said amount?

(c) What is the percentage of the impairment loss of RM8.1 million that is expected to be uncollectable?

(d) How much of the impaired trade receivables have been recovered to-date?

Nestle (Malaysia) Bhd (AGM)

1. "Other expenses" have increased by 220% from RM16.4 million in FY2019 to RM52.4 million in FY2020. (page 56 of Corporate Governance and Financial Report (CGFR) 2020)

(a) What were the reasons for the significant increase in other expenses?

(b) What are the purposes of these expenses?

(c) Are these one-off or recurring expenses? If recurring expenses, how will the additional expenses impact the Group's operating margin in FY2021?

2. The Group's has written off trade receivables of RM1.13 million in FY2020 (FY2019: RM683,000) (Note 19, page 107 of CGFR 2020).

(a) What was the nature of these trade receivables that have been written off?

(b) What actions have been taken to recover the said amount prior to writing off?

Malakoff Corporation Bhd (AGM)

Malakoff has identified the renewable energy (RE) and waste management & environmental services as the two key growth areas. In FY2020, Malakoff had sealed three sale and purchase agreements (SPAs) for three rooftop solar projects, two renewable energy power purchase agreements (REPPAs) with Tenaga Nasional Berhad for the two small hydro projects and has successfully bid for a second biogas power plant in Johor.

(a) The solar projects are expected to achieve commercial operation date in the third quarter of 2021. How much of income will the three solar projects contribute to the Group?

(b) What is Malakoff's expectation on RE segment in terms of financial contribution?

(c) There will be a loss of income to Malakoff once the PPAs for GB3 Plant and Prai Power Plant (with collective generating capacity of 990 MW) expire in 2022 and 2024 respectively.

By then, will the RE and waste management businesses be sufficient to offset the loss of income from the expiration of the two PPAs?