

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 29 - 30 JULY 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
29.07.20 (Wed) 2.00 pm	Minda Global Bhd (AGM)	Lecture Hall 3 & 4, Level 4 Academic Block, University of Cyberjaya Campus
30.07.20 (Thur) 10.00 am	Sapura Energy Bhd (AGM)	Broadcast Venue at Multi Purpose Hall, Sapura @ Mines, The Mines Resort City, Sri Kembangan
30.07.20 (Thur) 10.00 am	CYL Corporation Bhd (AGM)	Ballroom 2, LG Level, Eastin Hotel, Pusat Dagang Seksyen 16, PJ
30.07.20 (Thur) 10.30 am	JKG Land Bhd (AGM)	Broadcast Venue at 29th Floor, Menara JKG, No. 282, Jalan Raja Laut, KL

One of the points of interest to be raised:

Company

Points/Issues to Be Raised

Minda Global Bhd (AGM)

1. As at end FY2019, allowance for impairment losses in respect of trade receivables stood at RM53.7 million constituting a significant 82.7% of total outstanding trade receivables of RM64.9 million. [Page 122 of ARI]

a) How did the allowance increase to such a massive amount? How much of these impaired receivables have been recovered to-date? What is the status of the remaining impaired receivables and what is the probability of their recoverability?

b) Has the company reviewed its credit/risk management policies and instituted further enhancements?

2. Included in other receivables of the Group is contingent consideration receivable amounting to RM1,139,485 (2018: RM8,048,444) pursuant to a profit guarantee arrangement with the vendors of the acquired subsidiary. [Page 122 of ARI]

a) Is the receivable amount due to the shortfall in profit guarantee in respect of the acquiree's profit for FY2019 and/or other financial years?

b) When was the amount due? Has this amount been paid to-date, and if not, why?

c) Was the amount due from related parties? And if so, how are they related?

Sapura Energy Bhd (AGM)

The Group has impairment on goodwill amounting RM3,043.4 million in FY 2020. (page 164 of Annual Report)

Please provide a breakdown on goodwill impairment according to the respective business segments (like Engineering & Construction, Drilling Business and Exploration/Production for FY 2020 and 2019. What are the reasons for the impairment?

CYL Corporation Bhd (AGM)

Revenue of CYL has been declining over the past five years with declining pre-tax profit, save for FY20 (page 7 of Annual Report 2020). Revenue declined from RM70.04 million in FY16 to RM41.44 million in FY20.

Profit-before tax decreased from RM7.18 million in FY16, to pre-tax loss of RM1.5 million in FY19, and then improved to RM46,985 in FY20. Pre-tax profit margin of the Company also declined year-on-year from 10.26% in FY16 to -2.81% in FY19 before bouncing back to 1.15% in FY20.

Apart from cyclical resin price, which is beyond CYL's control, what are the other factors that caused the declining profit margin over the years? How successful and effective are the current strategies to improve business profitability? What are the strategies that are going to be implemented to revive performance?

CYL achieved better bottom-line performance in FY20 due to lower resin price and a more favourable product mix. In view of the current economic environment, will the same product mix be maintained for FY21?

JKG Land Bhd (AGM)

The rental income from investment properties have increased marginally from RM1.18 million in FY 2019 to RM1.22 million in FY 2020. (page 102 of Annual Report)

a) What are the gross and net rental yields of the investment properties for FY 2019 and FY 2020?

b) What is the average occupancy of the investment properties in FY2020 and FY2019?

c) Working from home' has become a norm due to the Covid-19 pandemic. Please explain how this 'working from home' has affected the Group's investment properties' occupancy as there is less demand for office space.

d) Please provide the Group's investment property outlook in FY 2020 and the financial impact due to the "new normal" environment.