

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

New Straits Times, Business Times – Monday, May 31, 2021

MSWG AGM/EGM WEEKLY WATCH
 31 MAY - 4 JUNE 2021

MSWG had issued AGM/EGM letter to the following PLCs for their shareholders meeting held from 31 May 2021 – 4 June 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

Cahaya Mata Sarawak Bhd (AGM)

On 22 April 2021, the Board made a press statement that the Group has received conflict of interest allegations against the Deputy Group Chairman and former Chief Information Officer through the Group's whistleblower channel.

On 6 May 2021, the Board made another press statement stating that among others, the Board is completely satisfied that the allegations of conflict of interest made against Dato Sri Mahmud and Karl Virk, former CMS chief information officer (CIO), in relation to the award of the contract by CMS I-Systems Sdn Bhd, a wholly owned subsidiary of CMS, to Vienna Advantage GmbH are without any basis whatsoever.

a) Has there been a proper formal investigation carried out internally by the Board using independent parties? Who are the independent parties used, if any? What was the independent party conclusion?

b) The Board has concluded that the allegations of conflict of interest made against the aforementioned parties are without any basis whatsoever. Was the Board decision unanimous?

Johan Holdings Bhd (EGM)

With the diversification into glove business, Dynacare Sdn Bhd (a 60%-owned subsidiary of Johan) will spend RM652.2 million to construct the Gloves Manufacturing Plant in Perak plus the working capital required to run the gloves business.

a) On a best estimate, Johan expects to achieve payback on the investment incurred within 25 months from the commencement of commercial production (page 14 of Circular to shareholders dated 12 May 2021).

What are the assumptions (e.g., indicative average selling price, utilization rate, internal rate of return) used in the earnings forecast?

b) Johan has been approached by potential buyers for the purchase of gloves products. However, no sale has been made given that the Proposed Diversification has yet to be approved by shareholders and the construction of the Gloves Manufacturing Plant is pending.

Syarikat Takafu Malaysia Keluarga Bhd (AGM)

1) Despite a marginal 0.66% decline in net profit, STMKB reduced its dividend payout ratio to 27.4% in FY2020 from 45.3% the year before. This translates to dividend per share of 12 sen as compared to 20 sen in FY2020.

Meanwhile, its cash and cash equivalents increased by 18.1% to RM712.6 million as compared to RM603.2 million. What was the reason for the significantly lower dividend payout ratio?

2) The Group's non-audit fees payable to external auditor was higher at RM760,000 for FY2020.

	Audit Fees (RM'000)	Non-Audit Fees (RM'000)
FY2019	1,030	145
FY2020	1,034	760

Source: Annual Report 2019 and 2020

What are the aspects being reviewed by external auditors on the two reviews? What are the suggestions provided by the external auditors to the Board on the technical paper and BCM programme?

Does the Company have a policy on percentage of non-audit fees paid to its external auditor compared to audit fees paid?

Paramount

The Group's first overseas joint venture project in Bangkok has a potential GDV equivalent to RM172 million.

(a) What is the stage of construction of the project and its latest take-up rate as at March 2021?

(b) When will the joint venture project start contributing profit to the Group?

(c) What is the Group's expected maximum capital injection into this joint venture project?