

MINORITY SHAREHOLDERS WATCH GROUP

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

New Straits Times, Business Times – Monday, August 31, 2020

MSWG AGM/EGM WEEKLY WATCH 1 - 4 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
02.09.20 (Wed) 10.00 AM	SAM Engineering & Equipment Bhd (AGM)	Broadcast Venue at Gallery 1, New World Petaling Jaya Hotel, Paradigm Kelana Jaya, PJ
02.09.20 (Wed) 11.30 am	Surway Bhd (AGM)	Broadcast Venue at Perthouse, Menara Sunway, Jin Lagoon Timur, Bdr. Sunway
02.09.20 (Wed) 02.30 pm	Surway Bhd (EGM)	Broadcast Venue at Perthouse, Menara Sunway, Jin Lagoon Timur, Bdr. Sunway
03.09.20 (Thur) 10.00 am	ELK-Desa Resources Bhd (AGM)	Bronx V & VI Ballroom, Berjaya Time Square Hotel Kuala Lumpur, Jalan Imbi
03.09.20 (Thur) 10.00 am	Xidelang Holdings Ltd (SGM)	Broadcast Venue at Tricor Boardroom, Level 30, Tower A, Avenue 3, Bangsar South City, KL
04.09.20 (Fri) 09.00 am	Xinghe Holdings Bhd (AGM)	The Royal Commonwealth Society, Jalar Biras, Damansara Height
04.09.20 (Fri) 11.00 am	Inix Technologies Holdings Bhd (AGM)	Broadcast Venue at Level 10, Tower 1, Avenue 5, Bangsar South City, KL

One of the points of interest to be raised:

Points/Issues to Be Raised

SAM Engineering & Equipment Bhd (AGM)
Demand for aerospace products was relatively strong in FY2020, except for products being used on the Boeing 737Max aircraft. This aircraft family was grounded by the Federal Aviation Administration in March 2019 following two air crashes in October 2018 and March 2019. (Page 22 of ARI)
Will the strong demand from other aircraft models be able to offset the setback suffered by the Boeing 737Max aircraft? To what extent can this setback be mitigated? What is the outlook for FY2021 for the Aerospace business?

Surway Bhd (AGM)
The Construction division closed the year with an order book replenishment to-date of RM1.8 billion and an outstanding order book of RM5.2 billion. (Page 70 of ARI. In terms of order book replenishment for 2020, SunCon's new order target is RM2.0 billion, 11.1% higher than RM1.8 billion achieved in 2019.
(a) How long will it take for the outstanding order book of RM5.2 bil to be run down? What is the current unbilled amount?
(b) Of the new order target of RM2.0 billion, how much has been secured to date? Will the target be achieved by year end?

ELK-Desa Resources Bhd (AGM)
ELK-Desa saw a 40% sharp increase in impairment allowance in FY20 to RM23.65 million, as compared to RM18.95 million in FY19, after incorporated the uncertain economic effects arising from the COVID-19 pandemic.
For the quarter ended 30 June 2020, its impairment allowance rose 200% year-on-year to RM14.14 million, from RM4.69 million in last corresponding period.
a) Considering the sharp contraction in Malaysian second quarter GDP growth and worsening economic outlook, will the situation of increased impairment allowance persist for the rest of FY21?
b) Non-performing loan (NPL) ratio of the Group increased to 1.4% in FY20 (FY19: 0.8%). Considering current economic performance and outlook, will NPL ratio remain elevated in FY21, notwithstanding the Management's target to bring it down to pre-MCO levels?

Xidelang Holdings Ltd (SGM)
The Company is proposing for an establishment of an ESOS scheme for its eligible employees and directors. According to Section 3.2, Page 11 of the Circular it is stated that the allocation of options to directors is to recognise the contributions and efforts made by them to the growth and performance of the Company.
MSWG does not encourage the award of options to independent directors as they play a monitoring role in the navigation of the Company. The granting of such options could prejudice the objectivity of independent directors and affect their impartiality. We are of the view that the recognition of the independent directors' contribution to the Company could be rewarded by a competitive remuneration package, conducive work environment, good governance and board culture.

Xinghe Holdings Bhd (AGM)
A loan was granted to HXOF on 1 October 2019. The carrying amount of the loan as at 31 December 2019 was RM235 million, representing 43.5% of the Company's total assets as at 31 December 2019. The loan was interest-free for the period from 1 October 2019 to 31 March 2020 and bears interest at 1.75% per annum with effect from 1 April 2020.
(a) Why did the Company lend such a significant amount to HXOF in October 2019, given the impending sale of HXOF in December 2019?
(b) Are there provisions for the terms of the loan to be reviewed given that the relatively low interest rate was granted when HXOF was a subsidiary? If no, why?
(c) What was the purpose of the loan granted to HXOF?