

MSWG AGM/EGM Weekly Watch 1 – 5 JUNE 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.

Date & Time	Company	Broadcast Venue
01.06.20 (Mon) 10.00 am	DIGI. Com. Bhd (AGM)	Broadcast Venue, Studio, Digi Telecommunication SB, Subang Hi-Tech Industrial Park
05.06.20 (Fri) 11.00 am	Borneo Oil Bhd (EGM)	Lot 27, Jalan Kolam, Luyang, Kota Kinabalu, Sabah

One of the points of interest to be raised:	
Company	Points/Issues to Be Raised
DIGI. Com Bhd (AGM)	<p>1. Allowance for expected credit losses on trade receivables and contract assets has increased significantly from RM48.020 million in FY2018 to RM77.660 million in FY2019. (Page 124 of IR)</p> <p>What are the reasons for the significant increase? How much is attributed to contract assets and what is it's nature? What is the probability of recovery and measures taken to recover the trade receivables and contract assets?</p> <p>2. Group's trade receivables and contract assets with 91 to 180 days past due and more than 181 days past due increased significantly from RM8.744 million in FY2018 to RM25.105 million in FY2019 and from RM3.122 million in FY2018 to RM58.054 million in FY2019 respectively. (Page 150 of IR)</p> <p>What are the reasons for the significant increase? What are the measures taken to recover the overdue trade receivables and contract assets?</p>
Borneo Oil Bhd (EGM)	<p><u>Proposed Establishment of New Employees' Share Option Scheme</u></p> <p>In line with better corporate governance, MSWG does not encourage the practice of giving option to independent non-executive directors as they play the governance role (and not an executive role) in the Company and are responsible for monitoring the option allocation to</p>

	<p>employees and executive directors.</p> <p>Under the Proposed Allocation of ESOS, there are three independent and non-executive directors (INEDs) namely Tan Kok Chor, Seroop Singh Ramday, and Michael Moo Kai Wah who are eligible to subscribe for new shares (Resolution 2, 6 and 7, Notice of EGM).</p> <p>a) Why is the ESOS extended to the three INEDs since they do not perform executive roles; the directors' fee and other benefits they receive are supposed to be adequate to compensate the services rendered by them?</p> <p>b) It is stated that the Proposed ESOS is to recognize and reward the Eligible Persons (including non-executive directors) for their contributions and services to Bornoil. (page 6 of the Circular on Proposed Termination of Existing ESOS and Proposed New ESOS).</p> <p>What were the performance metrics adopted by the ESOS Committee to assess the eligibility of INEDs under the Existing ESOS? Are such metrics applicable to INEDs under the Proposed New ESOS?</p> <p>c) Is it feasible for the Company to grant shares to non-executive directors based on a target Ringgit value rather than a specified number of shares as price of shares fluctuates from time to time?</p>
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