



# **MSWG Questions & Answers**

# Question No. 1



Under the Proposed ESOS allocation, there are three independent non-executive directors ("INEDs") namely Mr. Lim Shiou Ghay, Mr. Lee Chiong Meng and Mr. Tan Chee Keong who are eligible to participate in the Proposed ESOS.

MSWG does not encourage the practice of giving ESOS to INEDs as they are not executive management and are responsible for monitoring the ESOS allocation to employees and executive directors.

The very definition of ESOS i.e., Employees' Share Option Scheme alludes to it being applicable to employees; independent directors are not employees. The risk is that the independent directors may be fixated with their share price, and this may affect their impartial decision-making, which should be made without reference to share price considerations.

Why is the Proposed ESOS options extended to the three INEDs since they do not perform executive roles? The directors' fee and other benefits they receive should be structured to adequately compensate the services rendered by them.

# Answer No. 1



- The Proposed ESOS is in compliance with the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") which provide a transparent framework to regulating the terms, conditions and implementation of the Proposed ESOS whereby the scheme is restricted to the participation by directors and employees of a listed company.
- Pursuant to Paragraph 8.20 of the Listing Requirements, non-executive directors are subject to retention period and restriction on dealings of ACME Shares whereby they shall not sell, transfer or assign the ACME Shares obtained through the exercise of the ESOS options offered to him/ her within 1 year from the date of offer.
- For MSWG's information, there were numerous recent cases where the employees' share option schemes were extended to non-executive directors which were perused by Bursa Securities such as YTL Corporation Berhad (via circular dated 10 November 2020), Flexidynamic Holdings Berhad (via circular dated 14 October 2021), Wellness Group Berhad (via circular dated 11 October 2021), BSL Corporation Berhad (via circular dated 7 October 2021), PP Holdings Berhad (via circular dated 29 September 2021) and OPCOM Holdings Berhad (via circular dated 2 August 2021).

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# Answer No. 1



- Further, it is also consistent with the practice in other stock exchanges such as Singapore Exchange (SGX) and Hong Kong Exchange (HKEX) which allows share options under employees' share option scheme to be offered to non-executive directors.
- Although non-executive directors are not involved in the day-to-day business operations of ACME, they play a pivotal role in applying their experience, drawing on their knowledge and utilising their expertise for the growth and performance of the Company and its subsidiaries ("Group"). It is therefore desirable that the non-executive directors be allowed to participate in the Proposed ESOS to give recognition to their services and contributions and to further align their interests with that of the Group.
- The Proposed ESOS will also provide the flexibilities to the Group to remunerate its nonexecutive directors in the form of shares, instead of paying them in cash, to prevent cash outflow.
- Further, the allocations of ESOS options to each non-executive director are also subject to shareholders' approval.

## Question No. 2(a)



The Group's subsidiary, Supportive Technology Sdn Bhd ("STSB") has an outstanding trade receivable of RM1,323,727. STSB has collected RM212,914 of this outstanding amount. (Page 6 of the Circular).

Please name the trade debtor(s) who have yet to settle the outstanding debt?

## Answer No. 2(a)

As at 8 Nov 2021, the outstanding debt is approximately RM0.88 million and the main trade debtors are Sinn Onn Trading (RM0.85 million) and Yoo Say Lee Enterprise (RM0.01 million).

## Question No. 2(b)



Why was STSB unable to collect the remaining outstanding trade receivables?

## Answer No. 2(b)

Upon following up on the collection of debt, those trade debtors have indicated to us, amongst others, that:

- they are conducting final quality check on the goods supplied by us earlier before making payment to us but the process was delayed due to the implementation of various movement control orders ("MCO") where some of their branches were close during the MCO period; or
- their stocks were moving slow as their businesses were adversely affected by the implementation of various MCO in Malaysia which have affected their cash flow badly.

# Question No. 2(c)



What are the measures taken to recover the outstanding trade receivables?

# Answer No. 2(c)

- We have issued a letter of demand dated 21st April 2021 to Sinn Onn Trading for the outstanding debt and it is pending their settlement of the outstanding debt. In the event by 15th November 2021, Sinn Onn Trading still fails to pay the outstanding debt, STSB intends to commence legal action to recover the debt.
- Yoo Say Lee Enterprise has been settling its outstanding debt owing to STSB on a monthly instalment basis which is expected to be fully recovered by June 2022.
- Apart from the above, we are still following up on the outstanding debts with the other trade debtors and if need be, we will resort to commence legal action against them.

## Question No. 2(d)



What is the probability that STSB will be able to recover the outstanding trade receivables?  
What is the expected amount to be collected?

## Answer No. 2(d)

STSB foresees that it will be able to collect all the outstanding trade receivables subject to trade discounts and goods returned.



## Question No. 3(a)



ABBA Marketing Sdn Bhd, ("AMSB"), a subsidiary of the Purchaser is owing STSB an amount of RM3,812,740.78. (Page 29 of the Circular)

Why is STSB unable to collect the long outstanding debt from AMSB?

## Answer No. 3(a)

- For MSWG's information, the sale consideration was determined based on the net assets of STSB which has included the trade receivables from AMSB of RM3,812,740.78.
- In any event, as at 5th November 2021, AMSB has paid STSB approximately RM2.83 million which have fallen due. The remaining trade receivables of RM0.98 million are expected to be paid to STSB when it falls due after the credit term of 120 days. All of which will be retained by STSB and will not be paid to the Company as the said amount has formed part of the sale consideration as stated above.

## Question No. 3(b)



Has AMSB or the Purchaser committed to settle the outstanding debt? If yes, what is the amount expected to be collected and by when?

## Answer No. 3(b)

As the sale consideration has included the outstanding debt owing from AMSB, it is not pertinent for AMSB or the Purchaser to give commitment to the Company as to when they will settle the outstanding debt as STSB will become a subsidiary of the Purchaser post completion of the transaction.



**THANK YOU**