Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Oiltek International Limited

Stock code: HQU

Meeting details:
Date: 27 May 2022
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. Would the board/management provide shareholders with greater clarity on the following operational and financial matters? Specifically:

(i) **How is the group positioning itself to capitalise on the new/heightened demand in Indonesia following the export ban of palm oil by the Indonesian government?**

(ii) **Has the group's ability to acquire new customers in Central America, Latin America and Africa been impaired in the past 2 years due to travel restrictions during the pandemic? Going forward, what is the group's strategy to acquire new customers?**

(iii) The group's order book increased from RM173.06 million during the IPO to RM198.1 million as at 30 April 2022. **Are there any impact on the group's profit margins caused by increasing manpower costs, labour shortages, raw material cost pressure and supply chain disruption and if so, what are management's plans to maintain/increase its profit margins?**

(iv) **Is management satisfied with the efficiency/yield of the group's flagship enzymatic biodiesel plant? How is the group securing more EPCC customers for the flagship biodiesel plant?**

(v) **Product sales and trading: Can management provide, for shareholders' information, a breakdown of revenue by major products and by brands? What progress had been made in the trading of specialty chemical products which had commenced in 1H2021?**

Q2. As shown in Note 12 (page 74 – Trade and other receivables), net trade receivables increased by 128% from RM6.5 million to RM14.8 million as at 31 December 2021.

From Note 21 (b) (page 81 – Credit risk), the RM8.3 million increase in trade receivables can be attributed to customers in Malaysia (RM2.1 million), Indonesia (RM1.3 million) and Pakistan (RM5.8 million). In addition, an amount of RM2.8 million is past due by 1-6 months as at 31 December 2021.

(i) **Given the current difficult operating environment, does management see any challenges in collecting its receivables?**

(ii) **What is the reason for the increase in trade receivables from customer(s) in Pakistan? Can management clarify if the outstanding trade receivables from the customer in Pakistan have been collected since the end of the financial year?**

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(iii) **Can management elaborate further on how it assesses the credit quality of customers/potential customers in overseas markets, especially in Central America, South America and Africa?**

In addition, as disclosed in Note 21(a)(i) (page 79 – Financial risk management: Market risk: Currency risk), the group has net USD exposure amounting to RM36.3 million as the group held cash and bank balances of RM31.5 million in USD.

(iv) **Can the board help shareholders better understand the group's risk management approach by holding its excess cash in USD?**

Q3. The board comprises six directors of which three are deemed independent. The three independent directors are Mr. Hew Koon Chan (as chairman of the board), Mr. Lai Wai Kit Andrew and Ms. Tan Yee Peng.

The profiles of all six directors can be found on pages 16 and 17 of the annual report.

All the directors are seeking their respective re-election at the annual general meeting. Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the information relating to the retiring directors as set out in Appendix 7F to the Catalist Rules are on pages 95 to 115 of the annual report.

(i) **Has the nominating committee reviewed the current competency matrix of the board and had identified any gaps in skills or competencies that need to be addressed in future director appointments?**

(ii) **Can the nominating committee help shareholders better understand if the independent directors have the appropriate skills sets, knowledge, experience, especially in refinery, oils and fats, process engineering and experience of doing business in Malaysia, Indonesia, Pakistan, Africa and Central/South America, etc to engage in effective and constructive debate and discussions with the executive directors and senior management?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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