MINORITY SHAREHOLDERS WATCH GROUP
BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
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ESG concerns weigh on plantation stocks prices

That there is disparity or disconnect between share price performance of Bursa Malaysia-listed plantation stocks and crude palm oil (CPO) price is a good tell-tale sign that undermining ESG (environmental, social and governance) considerations can be detrimental to stock valuations in the long term.

What this means is simply that the plantation industry may be experiencing a joyride with CPO prices surging to record-high levels – which would contribute positively to the revenue stream, earnings and even dividend yields of public listed plantation companies – but sadly little is reflected in their share prices.

As it is, the KL Plantation Index remains muted or has not reacted positively to the upswing in CPO futures prices despite the CPO price for October 2021 climbing past RM5,000/metric tonne to an all-time high of RM5,050 during the intraday trade on 6 October 2021.

At of 20 October, the CPO futures contract for November 2021 climbed RM125 to RM5,300/metric tonne; December 2021 futures surged RM134 to RM5,177/metric tonne and January 2022 futures increased RM127 to RM5,071/metric tonne.

The rise in CPO is backed by numerous bullish factors, notably tight supplies and strong demand from China which is currently in an energy supply crisis. As such, analysts expect the country may increase its intake of palm oil for biofuel.

Other notable reasons include the outlook for lower inventories in Malaysia, sturdy demand and concerns that production by top growers may fall short of expectations (given the labour supply constraints) and economies reopening following lifting of COVID-19 lockdowns, boosting food and fuel consumption of edible oils.

In contrast, although the KL Plantation Index (KLPI) has spiked 8% to 6,917.23 points on 6 October (from 6,404.24 on 5 October), the index has not truly reflected the current bullish CPO price. The jury is still out as to whether the CPO price rally is sustainable or otherwise.

From a two-year peak of 7,779.07 on 2 January 2020, the KLPI had hit the rock bottom on 19 March 2020 at 5,532.03, a day after the imposition of the first Movement Control Order (MCO 1.0). But it gradually picked up soon after to a recent high of 7,483.12 on 13 January 2021 prior to consolidating again with a downward bias.

All-in-all, the index has retreated 4% year-to-date (YTD) to 7,027.47 points as of 20 October 2021 from 7,329.50 on 4 January 2021 despite breaking out from 6,324.49 on 4 October 2021.

ESG concerns

Given the substantial buying interest in plantation counters from foreign funds, many market observers opine that these ESG-conscious investors have already priced their concerns into their investment decisions.

As greater scrutiny is piling upon this sector especially from the forced labour and environmental destruction fronts, it is common for analysts and investors to impose ESG discounts which can range from 15%-35% on their plantation stock valuation (research houses have in recent times introduced ESG star rating which commensurate with the ESG score of the industry players).

To put it bluntly, should foreign investors sell off their plantation holdings, valuations may 'de-rate' even further.

"We believe ESG will remain a dampener on valuations for the medium term, at least until some of the big-cap players are able to work through their forced labour issues," opined RHB Research analyst Hoe Lee Leng in a regional plantation sector update dated 13 September 2021.

The research house has maintained its "underweight" outlook on the sector as it expects the ESG discount, which is holding back share price performance, to remain prevalent.

Meanwhile, in a sector outlook dated 7 September 2021, Hong Leong Investment Bank Research analyst Chye Wen Fei observed that despite recent recovery in share prices, the performance of plantation companies (as represented by KL Plantation Index) still lags behind CPO price rally due to lingering ESG concerns within the sector and doubts on sustainability of CPO price.

"We believe the concerns on ESG issues have already been reflected in the sector's valuations as most players (particularly, larger sized players which have been in the limelight amid ESG issues) have been putting efforts to rectify these ESG issues, and foreign shareholdings are at multi-year low level," justified Chye.

In its latest sector review dated 15 October 2021, MIDF Research noted that the local plantation sector has been facing challenges from Western countries as well as from a few acts and legislation namely the Farm-to-Fork strategy, EU (European Union) Renewable Energy Sources Directive (RED) and the EU Policy on Forests & Deforestation.

“We can see that our biggest importers are India and China but it is interesting to note that the US and Europe are the ones with the most complaints,” observed analyst Shahira Rahim in a plantation sector update. “The worrying factor is the influence that the Western countries wields.”

Negative market perception

Despite all the benefits that palm oil offers, MIDF Research opined that the misconception of Malaysia’s palm oil industry persists despite the versatility and productivity of palm oil.

In February 2021, US food company General Mills issued a global “no buy order” on FGV Holdings Bhd (FGV) and Sime Darby Plantation Bhd. Recall that both FGV and Sime Darby Plantation were banned by the US Customs and Border Protection (CBP) over alleged human rights violation last year.

Chocolate maker Hershey said its North American suppliers have removed all Sime Darby volumes in compliance with the US order.

Some buyers including Nestle, Unilever and Hershey had suspended FGV since 2018 after industry watchdog Roundtable on Sustainable Palm Oil (RSPO) found “exploitative” labour practices in the company.

In response to all the negative ESG perceptions, the Malaysian Palm Oil Council (MPOC) had in 2019 initiated a few new policies called Malaysia’s “Green Deal” to enhance the sustainability of the palm oil industry.

Among others, the policies entailed (i) capping total oil palm cultivated acreage to 6.5 million hectares; (ii) no new planting of oil palm in peatland areas; (iii) ban on conversion of forest reserves for oil cultivation; and (iv) making palm oil plantation maps available for public access.

In all fairness, while efforts have been put forth to remedy the ESG standards among the plantation players, acceptance is another matter altogether given the misperception or trade agenda that developed economies have against palm oil (i.e. to protect the interest of soybean planters).

While deforestation is one thorny issue in the palm oil industry, a new study by non-profit World Resources Institute (WRI) which looked at global satellite imagery between 2000 and 2015 found that of the 72 million hectares of lost forest – an area double the size of Germany – cattle ranching (beef industry) is responsible for 45.1 million hectares (63%) followed by palm oil (10.5 million hectares or 14.6%) and soy (7.9 million hectares or 11%).

According to the Malaysian Palm Oil Council, oil palm cultivation occupies the least in terms of the word’s agricultural land size at just 0.23% compared to other vegeoils, namely sunflower (0.51%), rapeseed (0.67%) and soybean (the most at 2.14%).

It is also worthwhile to note that in terms of productivity, palm oil managed to produce 4.08 tonnes of oil yield per hectare within a year while rapeseed, sunflower and soybean only managed to produce around 0.75 tonnes, 0.60 tonnes and 0.38 tonnes respectively.

Despite using the least amount of land, oil palm provides the highest yield of oil at 11 times more oil than soybean, sunflower (10 times), canola (seven times) per hectare per year. In other words, it takes more than 10 times more land to produce the same amount of soybean oil as palm oil.

Conclusion

Investors are increasingly applying non-financial factors especially ESG as part of their analysis process to identify material risks and growth opportunities.

Some PLCs harbour under perceptions but perceptions shape reality – unfortunately. These PLCs must work doubly hard to dispel such perceptions to allow reality to prevail. While ESG metrics are not part of mandatory financial reporting, companies are increasingly making disclosures in their annual report or in a stand-alone sustainability report.

Numerous institutions such as the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI) and the Task Force on Climate-related Financial Disclosures (TCFD) are working to form standards and define materiality to facilitate incorporation of these factors into the investment process.

As ESG investing accelerates in demand, several key trends are emerging – from climate change to poor working conditions to governance standards encompassing company's leadership, executive pay, audits, internal controls, and shareholder rights. Many mutual funds, brokerage firms, and robo-advisors are now offering products that employ ESG criteria.

What is obvious is that the COVID-19 pandemic has intensified the inter-connectedness between sustainability factors and the financial system. What has happened in the case of CPO price and share price of listed plantation companies is how the failure to comply with the desirable ESG standards has sparked a disconnect or disparity between both prices.

Devanesan Evanson
Chief Executive Officer

MSWG AGM/EGM Weekly Watch 25 – 29 October 2021

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	Quick-take
26.10.21 (Tue) 10.00 am	IOI Corporation Bhd (AGM)	IOI's PBT for FY2021 of RM1.74 billion was 110% higher as compared to RM0.83 billion in the year before mainly due to higher results of both plantation segment and resource-based manufacturing segment whilst recorded a forex translation gain of RM125.4 million in FY2021 compared to a translation loss of RM207.9 million in FY2020. The Group expects to achieve better financial performance in FY2022, underpinned by the strong performance from its plantation segment as a result of high CPO price and the improved performance from its resource-based manufacturing segment.
26.10.21 (Tue) 10.00 am	Eurospan Holdings Bhd (AGM)	The company's products are wholly for the export market and it did reasonably well during the pandemic. However, the Company must take proactive measures to mitigate the escalating shipping costs which could erode its margins.
26.10.21 (Tue) 09.30 am	Nylex (Malaysia) Bhd (AGM)	For FY2021, Nylex posted higher revenue of RM1.15 billion, which represents an increase of 1.4% from RM1.136 billion recorded in FY 2020 due to higher contribution from the Industrial Chemical Distribution segment. In tandem with higher revenue, Nylex recorded a PBT of RM26.4 million.
26.10.21 (Tue) 10.30 am	Nylex (Malaysia) Bhd (EGM)	Nylex will seek shareholders' approval to dispose its entire business and undertaking to Ancom Berhad for RM179.3 million. Upon disposal of its entire business, Nylex will be categorised as a cash company and is required to regularise its condition by acquiring a new core business within the next 12 months.
26.10.21 (Tue) 12.00 pm	Ancom Logistics Bhd (AGM)	In FY2021, Group posted lower revenue of RM30.5 million (FY2020: RM30.9 million). Despite lower revenue, profit before taxation

		grew from RM2.1 million to RM2.3 million in FY2021, mainly attributed to cost cutting exercises and better performance in the investment holding activities. Trucking business was severely impacted by Covid-19 as containment measures were imposed, many of its customers had to restrict or temporarily ceased their operations which resulted in a decrease in business volume.
26.10.21 (Tue) 02.30 pm	Ancom Bhd (AGM)	Ancom's revenue rose 4.5% y-o-y to RM1.54 billion in FY2021, while reported its highest net profit in thirteen years, reversing the net loss position of RM9.7 million in FY2020 to a net profit of RM23.8 million in FY2021. The higher revenue was attributed mainly to the strong performances in the Agricultural Chemicals and Industrial Chemicals Divisions, which benefitted from the uptrend in global commodity prices.
26.10.21 (Tue) 03.30 pm	Ancom Bhd (EGM)	Ancom will seek shareholders' approval seek shareholders' approval to acquire Nylex (Malaysia) Bhd's businesses for RM179.3 million and to change its name to "Ancom Nylex Berhad".
27.10.21 (Wed) 10.00 am	Fibon Bhd (AGM)	Fibon has registered deteriorating financial performance for the past five years, though it is still profitable. For FY2021, Fibon's revenue decreased by 8.29% to RM12.49 million as compared to RM13.62 million in the previous year, whole its net profit declined to RM1.72 million from RM2.15 million during the same period.
27.10.21 (Wed) 11.00 am	Glomac Bhd (AGM)	The Group reported higher profits in FY 2021 with gross profit rose 28% to y-o-y to RM114.2 million, whilst PBT jumped 188% to RM58.1 million. At the same time, the Group's net gearing improved to 0.25x of

		shareholders' funds at the end of FY 2021 as compared to 0.28x as at 30 April 2020
27.10.21 (Wed) 10.00 am	TAS Offshore Bhd (AGM)	TAS Group recorded revenue of RM34.9 million for FY2021, an increase of 115.7% compared to RM16.18 million last year, mainly driven by the increase in the number of vessels being delivered. PBT for the year stood at RM2.83 million compared to a LBT of RM75.22 million the year before. With the expected recovery of the global economy, the Group is actively prospecting for new clients from new market segments to add to its customer portfolio to enhance sales growth.
27.10.21 (Wed) 02.30 pm	Hong Leong Bank Bhd (AGM)	Notwithstanding challenging operating environment in calendar year 2020, Hong Leong Bank recorded 14.4% growth in total income to RM5.47 billion in FY2021, while net profit increased to a record RM2.86 billion, which was 14.7% higher than the previous year. This achievement was underpinned by higher topline, effective cost management and robust contributions from our associates.
27.10.21 (Wed) 02.30 pm	Oriental Holdings (AGM)	Oriental Holdings' financial performance in FY2020 was mainly affected by the imposition of Movement Control Order, lower customer demand, and delay in capital expenditure plans. As such, it recorded lower revenue of RM3.4 billion (2019: RM5.2 billion) and PBT of RM107.9 million (2019: RM458.9 million) for FY2020. Moving forward, it will continue to navigate the challenges ahead and evaluate its investment

		options accordingly for the well-being of the Group.
27.10.21 (Wed) 03.00 pm	EcoFirst Consolidated Bhd (AGM)	EcoFirst's revenue was down by 71.7% y-o-y to RM42.4 million in FY2021 as compared to RM150 million in FY2020. Despite the sharp decline in the Groups' revenue, it has managed to sustain its bottom-line with a net profit of RM13.6 million during the financial period under review.
28.10.21 (Thur) 09.00 am	Apollo Food Holdings Bhd (AGM)	Apollo Group achieved y-o-y higher revenue of RM190.4 million for FY2021, an increase of 8.8% as compared to the previous year, while net profit surged by 21.7% to RM17.3 million (FY2020: RM14.2 million), mainly due to reversal of impairment loss on Property, Plant and Equipment and fair value gain on other investments. The Board expects a challenging year for the Group. It will implement prudent measures and improve its operational efficiency to sustain the current profit margin without compromising its products quality.
28.10.21 (Thur) 10.00 am	IOI Properties Group Bhd (AGM)	The Group's revenue increased by 17% in FY2021 to RM2.49 billion. PBT also increased to RM1.08 billion, compared to RM946.8 million in FY2020. This was largely attributable to higher sales performance from the property development business segment in spite of the pandemic.
28.10.21 (Thur) 10.00 am	Kein Hing International Bhd (AGM)	In line with the increase in revenue, Kein Hing achieved net profit of RM11.9 million for FY2021 as compared to RM2.6 million reported last year, representing a vast improvement of RM9.3 million or 358%. The Company attributed the better financial performance to the improvement in efficiency through implementation of various

		manufacturing systems and the cost reduction measures carried out particularly during the outbreak of COVID-19 in the first quarter of the financial year.
28.10.21 (Thur) 10.00 am	KUB Malaysia Bhd (AGM)	KUB said its liquefied petroleum gas (LPG) business is facing greater competition due to increasing number of competitors and the availability of substitute products like natural gas and liquefied natural gas. LPG was the largest revenue contributor of KUB for FP2021, contributing 77% (or RM451.03 million) sales to the Group.
28.10.21 (Thur) 10.00 am	LB Aluminium Bhd (AGM)	The Group's PBT increased by RM42.3 million or 633% to RM49.0 million in FY2021 due mainly to higher contribution from the Aluminium Segment.
28.10.21 (Thur) 10.00 am	Hong Leong Financial Group Bhd (AGM)	HLFG recorded a net profit of RM2.27 billion in FY2021, which is a 21.9% higher than the preceding financial year. The higher profit was primarily driven by better performance in its banking, insurance, stockbroking and investment banking businesses.
28.10.21 (Thur) 11.00 am	Lay Hong Bhd (EGM)	The EGM is to seek shareholders' approval for the proposed acquisition of the remaining 50% equity interest in Sri Tawau Farming Sdn Bhd (STF) from Mackan Holding Sdn Bhd for RM28 million, to be satisfied via the issuance of 80 million new ordinary shares in Lay Hong at an issue price of RM0.35 each. It will also seek shareholders' approval for the proposed exemption under Paragraph 4.08(1)(A) of the rules on take-overs, mergers and compulsory acquisitions for controlling shareholders Dato' Yap Hoong Chai and PACs with him, from the obligation to undertake a mandatory take-over offer to

		acquire the remaining ordinary shares and warrants in Lay Hong not already owned by them upon completion of the Proposed STF Acquisition. The Proposed Exemption serves to facilitate the Proposed STF Acquisition.
28.10.21 (Thur) 11.00 am	Widetech (M) Bhd (AGM)	Despite an improved revenue, the Group registered a pre-tax loss of RM1.213 million in FY2021, as opposed to a pre-tax profit of RM0.765 million in FY2020. Although its associate, Goldshore Capital Limited, reported a profit contribution of RM1.817 million, this was offset by a one-off written off of RM5.439 million on the amount due from its associate, resulting in an overall loss for the Group during the financial year under review.
28.10.21 (Thur) 11.30 am	Widetech (M) Bhd (EGM)	Widetech will seek shareholders' approval for a proposed share split exercise involving a subdivision of every 1 existing Ordinary Share in Widetech into 5 Widetech Shares.
28.10.21 (Thur) 02.30 pm	Pensonic Holdings Bhd (AGM)	The Company registered a whopping 504% increase on its net profit for FY2021 due to the increase in demand for electrical appliances during the pandemic. The dynamics on online shopping have changed the terrain of consumer purchases during the pandemic. Company should consider allocating more resources to its online platforms as bulk of the sales are coming from these platforms and also weigh the possibility of reducing its physical stores in the near future.
29.10.21 (Fri) 10.00 am	Komarkcorp Bhd (AGM)	Following Komarkcorp's business diversification to the manufacturing and sale of facemask in 2020, it now sets its eyes to be the largest face mask manufacturer in Southeast Asia. Despite the new venture into the face mask business in June 2020, Komarkcorp's revenue decreased to RM37.63 million in FY2021 from

		RM39.55 million in the previous year. Its net loss increased by about 50% to RM15.96 million from RM10.71 million the year before. The Company has been making losses since FY2017.

One of the points of interest to be raised:	
Company	**Points/Issues to Be Raised**
IOI Corporation Bhd (AGM)	As part of the Group's replanting programme, over 7,000 hectares of past prime trees were replanted during FY2021 with higher yielding oil palm planting materials. However, the replanted area was short of the Group's initial target to replant by about 12,000 hectares due partly to restrictive measures contained in the pandemic-related SOPs (page 15 of Annual Report 2021 ("AR2021")). What is the Group's current progress on replanting, and will the Group be able to achieve its target replanting schedule for financial year ending 2022?
Eurospan Holdings Bhd (AGM)	1. The Company has significance reliance on labour to manufacture its products. a) What is the ratio of foreign labour to its total workforce currently? b) As the Government imposes stricter rules and regulations for the hiring of foreign labour, what are the Company's plans to mitigate the situation? 2. The total fee for the internal audit function of the Company during FYE 2021 was RM 16,000. (Page 21 of AR 2020) a) Given that the fee is rather small (approximately RM1,333.00 per month), how does the audit committee assure itself that there would be adequate coverage and an effective audit function? b) What were the areas covered by the internal auditors during FYE 2020? c) How many internal audit reports were issued during FYE 2021?
Nylex (Malaysia) Bhd (AGM)	Upon the disposal of Nylex's entire business and undertaking to Ancom Berhad, Nylex plans to spend RM11.25 million of the proceeds to acquire new business and assets within the next 12 months.

	Is the Board currently in talk with any party to acquire new business/asset upon completion of this proposal? If yes, what are the industries that these parties are involved in? Will the controlling shareholder Datuk Siew Ka Wei consider injecting his assets into Nylex?
Ancom Logistics Bhd (AGM)	Under Practice 4.2 of the Malaysian Code on Corporate Governance ("MCCG"), it is stated that "If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process". Mr. Lim Hock Chye ("Mr. Lim") and Encik Safrizal Bin Mohd Said ("Encik Safrizal") have served the board for 18 years 10 months and 17 years 11 months respectively as the Independent Non-Executive Directors. The board will seek shareholders' approval for Resolution 9 and Resolution 10 to retain Mr. Lim and Encik Safrizal to continue to act as the Independent Directors of the Company until the conclusion of next Annual General Meeting (AGM) of the Company. The board has decided not to adopt the two-tier voting process for the said approval (Page 101 of AR 2021). Based on the Company's reply letters dated 16 October 2019 and 21 October 2020 to MSWG's letters dated 7 October 2019 and 13 October 2020 respectively, the Company responded that the board would discuss on this matter and consider the suggestion by MSWG to adopt the two-tier voting process. What is the board's concern in adopting two-tier voting for resolutions to retain Mr. Lim and Encik Safrizal as the independent directors?
Ancom Bhd (AGM)	Floods, bushfires and droughts could cause crop failures, thus reducing the demand for agricultural chemicals products. To mitigate such risk, the Group is constantly exploring and expanding its client base to include customers from different regions (page 27 of AR2021). How successful has the Group been in expanding its client base geographically in FY2021 compared to FY2020 and in terms of number of clients? What is in the pipeline going forward?
Fibon Bhd (AGM)	For the last 5 financial years, the Group's revenue and profit after tax (PAT) experienced a generally declining trend. Revenue had decreased from RM18.481 million in FY 2017 to RM12.48 million in FY 2021 while PAT dropped

	from RM4.320 million in FY 2017 to RM1.719 million in FY 2021. (Page 10 of AR) How does the Group plan to strategise to beef up its core business? Are there plans to diversify into new businesses in order to address the deteriorating financial performance?
Glomac Bhd (AGM)	The Group provided a much higher provision for liquidated ascertained damages ("LAD") to purchasers amounting to RM3.84 million in FY 2021 as compared to RM0.27 million in FY 2020. (Page 117 of AR) a) What were the reasons for the higher LAD provision in FY 2021? b) What are the measures taken to mitigate the LAD provision from going higher?
TAS Offshore Bhd (AGM)	The low oil price has resulted in a decrease in demand for offshore support vessels ("OSV") and has adversely affected the sales and price of this type of vessel. In FY2021, the Group terminated the shipbuilding contracts for OSVs which were then under construction. The Group is actively scouting for new sale prospects and markets for other types of vessels (page 13 of AR 2021). a) Please elaborate further on new sale prospects and the marketing strategies of the Group going forward. What are the opportunities/management priorities for the next 12 months that can drive business growth? b) How is the group balancing revenue/project pipeline and profit margins as it competes for projects?
Hong Leong Bank Bhd (AGM)	The profit contribution of HLB's associate company in China, Bank of Chengdu (BOCD) had grown 14.1% year-on-year to RM721 million or equivalent to 20.8% of HLB's pre-tax profit in FY2021. a) To what extent was BOCD was affected by the fallout of China's real estate sector with more property developers facing the threat of default? b) What is BOCD's corporate and retail loan exposure to the real estate sector? Does BOCD have exposure to the troubled Chinese property giant Evergrande? c) What are the other key risks that BOCD is monitoring in the near term?
Oriental Holdings Bhd (AGM)	Practice 4.2 of Malaysian Code on Corporate Governance (MCCG) states that the tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine

	years, an independent director may continue to serve on the board as a non-independent director. If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process. The Board will review the necessity of having two-tier voting process as prescribed by MCCG to enhance the Group's corporate governance framework and proposes a timeframe of 10 years to apply the Practice. The timeframe of ten years is unreasonably long and the application of the Practice should be expedited to, say, 3 years or below.
EcoFirst Consolidated Bhd (AGM)	1. In the segment reporting, the property development division reported revenue from external customers of RM28.2 million and a loss from operations of RM1.43 million in FY 2021. This is in contrast to FY 2020 where this division recorded revenue from external customers of RM135.4 million and a profit from operating of RM49.9 million in FY 2020. (Pages 124 and 125 of AR) a) What was the reason for the loss from operations in FY 2021 and a profit in FY 2020? b) What is the outlook for the property development division in FY2022? 2. The total fee for the internal audit function of the Group that was outsourced to a third party for FY 2021 was RM11,600. (Page 55 of AR) a) Given that the fee is rather small (approximately RM967 per month), how does the audit committee assure itself that there would be adequate coverage and an effective audit function? b) The internal auditor carried out an internal audit on Pujian Development Sendirian Berhad, ("PDSB") covering customer service, facilities management and sales and marketing in FY 2021. i. Why was PDSB selected for the audit for the whole FY 2021?

	ii. What are the findings of the internal auditor on PDSB? iii. What is PDSB's contribution to the Group's revenue and profit in FY 2021?
Apollo Food Holdings Bhd (AGM)	The various Movement Control Orders imposed by the Malaysian Government since March 2020 to curb the Covid-19 pandemic has impacted the operation and business of the Group as it affected the demand from local and overseas customers. The Group expects the forthcoming year will continue to be challenging (page 36 of AR 2021). Given that the market conditions are expected to remain challenging, especially with the on-going pandemic, how does the Company intend to increase its sales locally and overseas? What are some of the potential opportunities available to the Group in the next 12 months?
IOI Properties Group Bhd (AGM)	The Group has successfully tendered a parcel of leasehold land measuring approximately 7,817.6 square meters (0.78 hectares) located at Marina View in the Republic of Singapore for a tender consideration of SGD1,508,000,101 (approximately RM4.68 billion). a) What is the projected Gross Development Value from the leasehold land acquired? b) What is the master plan for the leasehold land acquired? c) If the acquisition is to be funded fully by borrowings, the net gearing of the Group will increase to 0.71 times from 0.47 times as reported in a circular to Bursa Malaysia on 21 September 2021. i. How does the Group plan to fund the acquisition of the leasehold land? ii. What will be the expected net gearing of the Group after finalising the funding of the leasehold land?
Kein Hing International Bhd (AGM)	<u>Manufacturing</u> a) What is the current and previous year's capacity utilisation rates for the Group's factories in Malaysia and Vietnam? b) What is the progress on the construction of the extension of Kein Hing Thai Nguyen (Vietnam) Co., Ltd. (KHTV) factory? Is the construction work on

	schedule? What is the budget requirement for the machines and equipment for the enlarged KHTV factory? c) What is the current state of the Group's manufacturing capability? What is the targeted improvement in productivity and efficiency in FY2022?? d) The Group's Malaysia operation is considered labour intensive. The constraint in labour supply in Malaysia and the shortage of workers may adversely affect the Group's performance and continuing ability to compete effectively in the industry. The Group seeks to mitigate this risk through various measures (Page 22 of the Annual Report 2021). To what extent does the constraint in labour supply affect the Group's Malaysia operation, to-date? Are the various current measures implemented by the Group sufficient to mitigate the abovementioned risk?
KUB Malaysia Bhd (AGM)	1) As of 30 June 2021, KUB's cash and bank balances increased 189% to RM423.11 million from RM146.63 million. The substantial increase in cash was due to proceeds from several divestment transactions during the financial period. During the financial period, the weighted average effective interest rate of these deposits with licensed banks was 2% (FY2019: 3.2%). a) How does KUB plan to utilize the cash? b) What are the options available for the Group to generate better returns from the cash? 2) Upon the disposal of KUB Malua Plantation Sdb Bhd to Tradewinds Plantation Berhad for RM10.55 million April 2021, the amount outstanding from KUB Malua of RM18.56 million has been written off. This had resulted in a loss on disposal of RM26.65 million recognised in KUB's financial statements (page 107 of AR2021). a) What was the purpose of extending the RM18.56 million intercompany advances KUB Malua? b) Why was KUB unable to recover the amount from KUB Malua?

	c) Why was the loss of disposal of RM26.65 million significantly higher than the estimated loss of RM18.9 million announced earlier (KUB's announcement dated 8 April 2021)?
LB Aluminium Bhd (AGM)	Despite the difficult and disruptive business environment, the Group reported a historical high profit after tax (PAT) of RM40.6 million in FY2021 compared to PAT of RM2.5 million in FY2020 (Page 56 & 60 of the Annual Report 2021). This represents a positive variance of RM38.1 million or 1,520%. a) Is the good performance sustainable in FY2022? b) What competitive advantages does the Group have over its peers in the market?
Hong Leong Financial Group Bhd (AGM)	Hong Leong Assurance Berhad's (HLA) reported net profit of RM259 million in FY2021, was an 83.4% increase on a y-o-y basis. The better performance was mainly contributed by higher insurance surplus, higher gain from equity investment portfolio and lower actuarial liabilities due to higher interest rates offset by fair value losses on bonds. What were the catalysts that contributed to the higher gain from the equity investment portfolio? Overall, how did HLA's investment portfolio perform in FY2021 in terms of growth percentage and level of income recorded?
Widetech (M) Bhd (AGM)	The total fee for the internal audit function of the Company during the financial year ended 31 March 2021 was RM16,00.00 (Page 14 of the Annual Report 2021). Given that the fee is rather small (approximately RM1,300 per month), how does the audit committee assure itself that there would be adequate coverage and an effective audit function? What are the areas covered by the internal audit function? How many internal audit reports were issued during the said period?
Pensonic Holdings Bhd (AGM)	In a move to complement the consolidation of its brands, Pensonic introduced the 'Circlez App'. The Circlez App unites all the brands under one platform to provide effortless warranty registrations, seamless warranty information tracing, timely customer and service support, easy online shopping, and access to ample shopping rewards and updates on latest deals. (Page 9 of AR 2021) a) How has the response been from customers towards this App? b) How much sales were derived from through this App in FYE 2021?

	c) What was the cost to develop this App?
Komarkcorp Bhd (AGM)	1) Responding to MSWG's question raised in last year's AGM on the profit contribution of the new face mask production business, the Management said the new business was expected to contribute 25% or more of net profit to the Company by April 2021. However, the new business was making losses in FY2021 with RM1.65 million pre-tax losses (page 139, Note 32 – Segment information, AR2021). Why did the Management not achieve the expected contribution of 25% or more of net profit to the Company by April 2021? 2) Chapter 9, Paragraph 9.21(2) of the Main Market Listing Requirements (MMLR) requires companies to publish a summary of the key matters discussed (KMD) at the AGM onto the Company's website soon after the conclusion of the general meeting. Failure to publish a summary of KMD of AGM on corporate website is a breach of MMLR. As of 6 October 2021, the summaries of KMD at Komarkcorp's AGM held on 22 October 2020 was not available on the Company's website – https://komark.com.my/agm-egm/. Please upload the summaries of KMD onto your website as soon as possible.

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DISCLOSURE OF INTERESTS

•With regard to the companies mentioned, MSWG holds a minimum number of shares in all these companies covered in this newsletter.

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