

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

New Straits Times, Business Times – 18 December 2023 - Part 1

**MSWG AGM/EGM WEEKLY WATCH**  
**18 - 22 DECEMBER 2023**

MSWG had issued AGM/EGM letter to the following PLCs for their shareholders meeting held from 18 - 22 December 2023.

The extraction of the question raised in the letter is highlighted here. For the details of other questions, please login to MSWG website at [www.mswg.org.my](http://www.mswg.org.my).

**One of the points of interest to be raised:**

Company	Points/Issues to Be Raised																
<b>Borneo Oil Berhad (AGM)</b>	<p>Based on the announcement dated 27 July 2023, BornOil entered into a Share Sale Agreement (SSA) with Global 2332 Ltd (the Vendor) to acquire an additional 20% stake in Makin Teguh Sdn Bhd (MTSB) for RM40 million in cash (refer to as the Acquisition). Currently, BornOil holds a 29.71% stake in MTSB. Upon completion of the acquisition, BornOil will hold 49.71% of MTSB.</p> <p>a) The 20% stake proposed is lower than the 22% stake for RM40 million announced on 19 May 2023. The latter proposal will turn MTSB into a 51.27%-owned subsidiary of BornOil, thereby enabling BornOil to consolidate MTSB's financial results fully. In contrast, the current arrangement will retain MTSB as an associate of the Company, notwithstanding the significant 49.71% stake it holds. Why is the size of the stake being acquired smaller than before, rendering BornOil unable to reap the benefits from the Acquisition fully?</p> <p>b) Pursuant to the terms of the SSA, the Purchase Consideration shall be satisfied in the following manner:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Payments terms</th> <th style="text-align: left;">Timing</th> <th style="text-align: right;">RM</th> <th style="text-align: right;">%</th> </tr> </thead> <tbody> <tr> <td>First payment</td> <td>Upon execution of the SSA</td> <td style="text-align: right;">34,000,000</td> <td style="text-align: right;">85</td> </tr> <tr> <td>Balance sum</td> <td>Within 30 days from the fulfillment of the conditions precedent</td> <td style="text-align: right;">6,000,000</td> <td style="text-align: right;">15</td> </tr> <tr> <td colspan="2" style="text-align: center;"><b>Total</b></td> <td style="text-align: right;"><b>40,000,000</b></td> <td style="text-align: right;"><b>100</b></td> </tr> </tbody> </table> <p>As a comparison, the May 2023 proposal recommended payments to be made on a staggered basis of 30%, 45% and 25% of the total Purchase Consideration (page 5 of announcement dated 19 May 2023).</p> <p>Why did BornOil pay a substantial amount upfront to the Vendor before the fulfilment of the conditions precedent, more so without the control power of MTSB upon completion of the Acquisition?</p> <p>What guidance has the Board given to the Management when negotiating the payment terms?</p> <p>Is the money being placed in an escrow account currently?</p> <p>What is the status of the Acquisition?</p>	Payments terms	Timing	RM	%	First payment	Upon execution of the SSA	34,000,000	85	Balance sum	Within 30 days from the fulfillment of the conditions precedent	6,000,000	15	<b>Total</b>		<b>40,000,000</b>	<b>100</b>
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<b>Seal Incorporated Berhad (AGM)</b>	<p>The Group is venturing into biomass renewable energy that will enable it to develop a more resilient business model and generate more consistent revenue and profits. (Page 6 of AR)</p> <p>a) What is the Group's equity interest in the biomass renewable energy company?</p> <p>b) Has the biomass renewable energy business started operating? If not, when is it expected to start operations?</p> <p>c) When is the biomass renewable energy business expected to turn profitable?</p> <p>d) What is the selling price of the biomass energy kilowatt-hour (kWh)?</p> <p>e) Has the Group managed to secure a long-term contract on the sales of biomass energy? If yes, please name the buyer and the tenure of the contract.</p>																
<b>MCE Holdings Berhad (AGM)</b>	<p>Investment in subsidiaries (Note 5, pages 79 &amp; 80 of AR2023):</p> <p>1. In the previous financial year, Multi-Code Electronics Industries (M) Berhad ("MCEI") had incorporated a wholly-owned subsidiary, MCE EV Solutions Sdn. Bhd. ("MESSB") with an initial issued and paid-up capital of 1 ordinary share issued at a price of RM1.00 per share. Subsequently, MCEI acquired additional 2,499,999 new ordinary shares of MESSB for a total consideration of RM2,499,999. In the previous financial year, MCE Ventures Sdn. Bhd. ("MVSB") had incorporated a wholly-owned subsidiary, GEM Technologies Sdn. Bhd. ("GTSB") with an initial issued and paid-up capital of 1 ordinary share issued at a price of RM1.00 per share. Subsequently, MVSB acquired additional 599,999 new ordinary shares of GTSB for a total consideration of RM599,999.</p> <p>a) For the FYE 31 July 2023, both MESSB and GTSB are dormant despite the abovementioned capital injection into these 2 subsidiary companies. When will MESSB and GTSB commence operations? What will be their principal activities?</p> <p>b) To what extent will MESSB and GTSB contribute to the Group's revenue for financial year ending 2024?</p>																
<b>Xidelang Holdings Ltd (AGM)</b>	<p>The Group's Gross Profit Margin (GPM) for FYE2023 stood at 9.4% (FYE2022: 10.2%); primarily due to overall increase in production costs post-COVID-19 pandemic, which was partially mitigated by overall increase in average unit selling price (Page 10 of AR2023).</p> <p>a) As the Group's GPM dropped slightly from a double-digit to single-digit, what is the outlook of the GPM in FYE2024? Does the Group expect the GPM to remain at the same level in FYE2024?</p> <p>b) How can the Group improve the GPM, i.e., Return to a double-digit GPM?</p>																