

## MINORITY SHAREHOLDERS WATCH GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia – Registration No.: 200001022382 (524989-M))

New Straits Times, Business Times – Tuesday, October 26, 2021

### MSWG AGM/EGM WEEKLY WATCH 25 - 29 OCTOBER 2021

MSWG had issued AGM/EGM letter to the following PLCs for their shareholders meeting held from 25 - 29 October 2021.

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

Parent/Related Party

**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 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)

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?

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)**

#### Manufacturing

(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. (KHTM) 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?