



## MINORITY SHAREHOLDERS WATCH GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

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

# The Observer

11.03.2022

**MSWG will hold a retail investors webinar titled "Improving the chances of winning in the stock market" and "The MCG Updates 2021" at 8.00 p.m. on 28 March 2022 (Monday). Please visit <https://bit.ly/3CvqVeR> for registration and more info.**

### ❖ PLCs can no longer operate in silos; must be purpose and performance-driven

Capital markets are seemingly getting more borderless and more tightly knitted to each other and impact on one major capital market will reverberate across other capital markets. That is the price we pay for globalisation and being a member of the global village.

A case in point is how two major global events in recent times have severely impacted the performance of stock markets at global level – from that of developed economies to emerging economies and the lesser developed economies.

The first is the COVID-19 outbreak in first quarter 2020 which massively devastated global stock market performance to a level unseen since the 2008 Global Financial Crisis or the 1997 Asian financial meltdown. Some economists went on to compare the ensuing "COVID-19 Recession" or "Great Lockdown" with the Great Depression of the 1930s.

Even as the global health crisis has yet to abate, the global stock market has been hit by 'missiles' of geopolitical uncertainties stemming from the heightened Russia-Ukraine crisis which has escalated into a war with the invasion of Ukraine by Russian troops on 24 February.

This has rocked global stock markets from the US to Europe to emerging economies while triggering massive inflationary pressure with soaring commodity prices, namely oil and crude palm oil (CPO).

Brent crude had in recent times spiked close to US\$140/barrel which was near an all-time high (the European benchmark crude hit its record price of US\$147.50/barrel in July 2008) while CPO futures prices have soared above RM8,000/metric tonne as consumers rushed to source the oil amid a shortfall in sunflower oil following the Russia-Ukraine crisis.

Against the backdrop of unforeseeable vulnerabilities, there is a dire need to future-proof the local bourse and its listed issuers with measures to ensure their sustainability while enhancing resilience and adaptability to disruption in the quest to tap the numerous opportunities in the new economy.

## **PLC Transformation programme**

Pitted against the backdrop of uncertainties as illustrated by the COVID-19 pandemic and geopolitical tension, businesses must remain agile in today's highly challenging economic landscape while maintaining a relentless focus on sustainable outcomes.

As such, it is indeed timely for Bursa Malaysia to roll out the *Public Listed Companies Transformation Programme* (PLCTP) to raise the stature of Corporate Malaysia while increasing the attractiveness of public listed companies (PLCs) in Malaysia. PLCTP will run through to 2025.

PLCTP aims at steering Malaysian PLCs of all sizes to higher performance levels by increasing their attractiveness and growth narratives. Fundamentally, the programme will help PLCs achieving higher levels of performance through sharing of best practices and insights, enhancing engagement, and enabling greater transparency practices.

Besides enhancing their positioning and attractiveness, the outcome will also serve as a catalyst to elevate the market competitiveness of Bursa Malaysia vis-à-vis other stock exchanges in the region.

Core to the PLCTP is the development of five digital guidebooks based on the following key tenets for PLCs to:

- Be purpose and performance-driven;
- Grow as sustainable, socially responsible and ethical organisations;
- Have strengthened stakeholder management and investor relations;
- Be digitally enabled; and
- Contribute towards overall nation building.

The launch of the PLCTP also saw the unveiling of the programme's first digital guidebook entitled *Creating Purpose & Performance Driven Public Listed Companies* which is now available for download on the Bursa Malaysia website. All the digital guidebooks will be issued in 2022.

At the launching of the programme, Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz reckoned that PLCs are one of the key drivers towards building a resilient economy for Malaysia. As such, it is crucial to empower PLCs' market competitiveness to help grow and sustain investors' interest in the local capital market.

Besides, PLCs must undergo transformation not only to enhance their performance but also to future-proof themselves as global competition intensifies. This is considering the declining profitability among Malaysian PLCs in recent years.

Throughout the programme, webinars and engagements will also be undertaken to encourage and assist PLCs towards delivering sustainable and robust financial performance.

Although the PLCTP is not prescriptive, the efforts and progress of the PLCs will be monitored via a digital dashboard to encourage transparency and effective achievement of the intended outcomes.

## Conclusion

It is easy to be cynical about the PLCTP and the development of the five digital guidebooks. But it would be a shame if we do not have an open mind devoid of preconceived notions. What PLCs need to do is peruse the guidebooks as they are released, for surely there will be within its covers something (if not many things) of benefit for PLCs.

If directors do not have the luxury of time to read the books, the Boards should ask for a presentation to be made to them on the content of these books – it may be easier for them to digest.

It is hoped that PLCs will be suitably guided by these guidebooks to enable them to deliver better performance and better engage with stakeholders.

Such efforts will certainly enhance the PLCs' attractiveness, particularly as themes such as environmental, social and governance (ESG) are quickly becoming sought-after desirable attributes among global investors.

And for Bursa Malaysia, it is an opportunity to reclaim the mantle of being one of the leading preferred investment destinations.

**Devanesan Evanson**  
**Chief Executive Officer**

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## MSWG AGM/EGM Weekly Watch 14 - 18 March 2022

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](http://www.mswg.org.my).

Date & Time	Company	Quick-take
15.03.22 (Tue) 10.00 am	LKL International Berhad (AGM)	LKL suffered a net loss of RM51.6 million in FY2021 due to significant impairments and write-off. Despite being involved in the healthcare business, it could not capitalise on the brisk business enjoyed by healthcare players during the COVID-19 pandemic. For FY2022, it is expected to register a better performance as the pandemic continues and demand for healthcare products is expected to rise correspondingly.
15.03.22 (Tue) 10.30 am	Anzo Holdings Berhad (AGM)	For FY2021, Anzo's net loss widened to RM24.33 million as compared to a net loss of

		<p>RM9.07 million for the 14-month financial period ended 30 September 2020. It also suffered substantial decline in sales to RM29.9 million compared to RM57.2 million in preceding period.</p> <p>The lower revenue was due to lower sales from metal scrap trading division of RM3.2 million in FY2021 (FY2020:RM36.7 million) and higher impairment losses on trade and other receivables amounted to RM21.4 million during the year (FY 2020: RM7.56 million).</p>
16.03.22 (Wed) 10.00 am	Sunsuria Berhad (AGM)	<p>For FY2021, Sunsuria's revenue amounted to RM268.7 million, which was 36.32% higher than the RM197.1 million recorded in the FY2020. However, its net profit fell to RM21.4 million from the RM29.1 million as operating expenses from Bangsar Hill Park project exceeded the project's contribution to revenue due to the work progress being in preliminary stages.</p>
16.03.22 (Wed) 11.00 am	TWL Holdings Berhad (f.k.a Tiger Synergy Bhd) (EGM)	<p>TWL is proposing to acquire 100% equity interest in Pembinaan Qaisar Sdn Bhd for RM35 million by way of issuing 555.555 million shares and the balance RM10 million in cash.</p> <p>The Company is also proposing to do a private placement of 30% of the existing total number of issued shares to independent third-party investors.</p> <p>Based on an illustrative issue price of 5.22 sen per share, TWL will raise RM40.24 million to fund its construction projects.</p>

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

<b>Company</b>	<b>Points/Issues to Be Raised</b>
LKL International Berhad (AGM)	<p>1. Administrative Expenses rose significantly to RM24.6 million in FPE 2021 compared to RM11.5 million in FYE 2020. (Page 60 of AR 2021)</p> <p>What were the reasons for the sharp increase?</p> <p>2. Impairment loss on trade receivables increased sharply in FPE 2021 to RM2.09 million in contrast with RM83.7k in FYE 2020. (Page 64 of AR 2021)</p> <p>a) What were the reasons for the sharp increase in the impairment?</p> <p>b) Were there any amounts collected from the impaired trade receivables after FPE 2021?</p> <p>c) Do you foresee the impairments increasing in FYE 2022 due to weaker economy?</p>
Anzo Holdings Berhad (AGM)	<p>1. Under the Key Audit Matters, the external auditors have highlighted that "trade and other receivables are significant to the Group as these amounted to RM92,620,438, which represent approximately 68.6% of the Group's total assets. The key associated risk is the recoverability of the invoiced trade and other receivables." (Page 37 of Annual Report 2021).</p> <p>How will Anzo manage the receivables to mitigate the abovementioned risk?</p> <p>2. There is an allowance for impairment loss on other receivables amounting to RM20,802,822 in FYE2021 (FYE2020: RM1,481,854) (Page 44 of the Annual Report 2021).</p> <p>a) What are the reasons for the drastic increase in the allowance for impairment loss for the other receivables in FYE2021?</p> <p>b) Is the amount recoverable? If so, what is the expected recoverability amount in FYE2022?</p> <p>c) Have any of these receivables been recovered to-date?</p> <p>3. The total fee for the internal audit function of the Company during the FYE2021 was RM10,000 (Page 21 of the Annual Report 2021).</p>

	Given that the fee is rather small (approximately RM833 per month), how does the audit committee assure itself that there would be adequate coverage and an effective audit function? How many internal audit reports were issued during the said period?																				
Sunsuria Berhad (AGM)	<p>The Group's Investment Properties ("IP") rental income and direct expenses for the two FYs 2021 and 2020 are shown below. (Page 159 AR)</p> <table border="1"> <thead> <tr> <th>RM'000</th> <th>FY 2021</th> <th>FY 2020</th> <th>Increase/ (decrease)</th> </tr> </thead> <tbody> <tr> <td>Investment Properties</td> <td>197,047</td> <td>160,000</td> <td>37,047</td> </tr> <tr> <td>Rental income (1)</td> <td>909</td> <td>875</td> <td>34</td> </tr> <tr> <td>Direct expenses (2)</td> <td>913</td> <td>1,013</td> <td>100</td> </tr> <tr> <td>Net Income (1-2)</td> <td>(4)</td> <td>(138)</td> <td>134</td> </tr> </tbody> </table> <p>The net rental income of the IP has improved from a loss of RM0.138 million in FY 2020 to a loss of RM4,000 with an expansion of the IP property base from RM160 million in FY 2020 to RM197.05 million in FY 2021.</p> <p>a) Please explain why the IP generates low income but higher expenses in both FYs 2020 and 2021 respectively.</p> <p>b) What are the measures taken by the Group to further improve the rental income from the IP?</p> <p>c) What were the occupancy rates of the IP as at FYs 2020 and 2021?</p> <p>d) What is the current occupancy rate of the IP as at Dec 2021?</p>	RM'000	FY 2021	FY 2020	Increase/ (decrease)	Investment Properties	197,047	160,000	37,047	Rental income (1)	909	875	34	Direct expenses (2)	913	1,013	100	Net Income (1-2)	(4)	(138)	134
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TWL Holdings Berhad (f.k.a Tiger Synergy Bhd) (EGM)	What are the measures to mitigate the risks of default in payment by Harta PMC and/or Syarikat Perumahan Negara Berhad, ("SPNB"), or if the Project is unexpectedly delayed or aborted for whatever reasons?																				

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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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