



MINORITY SHAREHOLDERS WATCH GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia . Registration No. 200001022382 (524989-M))

The Observer

15.03.2024

❖ Key considerations before investing in ETFs

Exchange Traded Funds (ETFs) have gained global investors' interest as a new class of investment as they provide a wide variety of ETFs for investors to invest in, namely from stock exchange indices, commodities, equities, bonds, and lately, bitcoins.

Bursa Malaysia has also introduced ETF to the local market, but the volume of ETF traded on Bursa is still low due to investors not being familiar with EFT because of a lack of knowledge and understanding of ETF.

Before we embark on our ETF investing journey, we shall equip ourselves with relevant ETF knowledge to profit from it.

Here are some of the key factors to be considered when one wants to invest in an ETF:

1) Purpose of the investment

It is important to establish the goal of your investment. If you want to gain exposure to a specific market, such as energy or technology, you can look for ETFs that track the corresponding sector indices. Similarly, if the goal is to gain broad general exposure, ETFs that track broad indices, such as the FTSE Bursa Malaysia KLCI ETF, FBM KLCI-EA.

2) Background size of the ETF

The size of the ETF's fund can be indicative of its popularity and acceptance with investors. ETFs with significant fund size suggest greater stability and liquidity. However, at the same time, large funds mean less flexibility in executing investment strategies. Therefore, it is important to carefully evaluate this variable in relation to your needs and preferences.

3) Track record and performance

Examining the past performance of ETFs can provide insight into their future performance. However, it is important to note that past performance does not guarantee future results. Also, we should evaluate the performance and experience of fund managers and see if they have achieved their goals over time.

4) Research & Evaluation

Use reliable resources and research tools to value ETFs. Financial rating agencies, specialised websites, research reports and expert articles can provide valuable information on the historical performance, portfolio composition and other

characteristics of ETFs. In-depth research helps you make informed and knowledgeable decisions.

5) Investment Structure and methodology

ETFs adopt various investment strategies, including the passive approach, which tracks a benchmark index, and the active approach, which involves active portfolio management. Understanding the ETF's investment strategy and whether it aligns with your preferences and return expectations is important.

Conclusion

ETFs offer a flexible, diversified and efficient investment option for investors. To choose the best ETFs, it is essential to consider your investment objective, past performance, liquidity, costs, investment structure, fund size and available research. Carefully weighing these factors can help investors identify the ETFs that best suit their financial needs and goals.

Lee Chee Meng
Manager, Corporate Monitoring

MSWG AGM/EGM Weekly Watch 18 – 22 March 2024

For this week, the following are the AGMs/EGMs of companies 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
18.03.24 (Mon) 10.00 am	UMS Holdings Berhad (AGM)	<p>UMS saw its revenue decrease by RM3.17 million or 4.28% to RM70.88 million, mainly due to the weaker market conditions. However, profit before tax only decreased by RM0.14 million or 2.46% to RM5.56 million, mainly due to the absence of impairment of goodwill (FYE 2022: RM1.05 million).</p> <p>In FY2023, the Group incurred capital expenditures of RM1.49 million, mainly for the replacement of motor vehicles, capital work-in-progress for a new ERP system, office equipment, and furniture and fittings.</p>
18.03.24 (Mon) 10.30 am	MLABS Systems Berhad (EGM)	<p>The EGM is to seek shareholders' approval for the proposed consolidation of every 20 existing ordinary shares in MLABS Systems Berhad ("MLABS") ("MLABS Shares") into 1 MLABS Share ("Consolidated Share"); and a renounceable rights issue of up to 217.41 million new MLABS Shares ("Rights Shares") on the basis of 3 Rights Shares for every 1</p>

		Consolidated Share held on an entitlement date to be determined later, together with up to 86.96 million free detachable warrants in MLABS ("Warrants D") on the basis of 2 Warrants D for every 5 Rights Shares subscribed for.
19.03.24 (Tue) 10.00 am	Hartalega Holdings Berhad (EGM)	<p>HARTA is seeking shareholders' approval for the Proposed Allocations of Existing Ordinary Shares in Hartalega Holdings Berhad ("Shares") under the Executive Share Grant Scheme (ESGS) to 3 Eligible Directors (i.e., Kuan Kam Hon, Kuan Mun Leong and Kuan Mun Keng), each of them will be granted up to 3,413,200 Shares throughout the duration of the ESGS.</p> <p>On 6 February 2024, HARTA implemented the ESGS for a period of 7 years and the ESGS is intended to drive and motivate the Eligible Directors and Eligible Employees towards better performance through greater productivity and loyalty to work towards achieving the Group's goals and objectives.</p>
19.03.24 (Tue) 11.00 am	Sinaran Advance Group Berhad (EGM)	The Company is seeking shareholders' approval for the proposed Capital Reduction, which entails the reduction of SAG's issued share capital by RM68,000,000 pursuant to Section 116 of the Act.
21.03.24 (Thur) 10.00 am	Lotus KFM Berhad (AGM)	<p>For FYE2023, the Group recorded a positive net operating cashflow of RM6.860 million, albeit lower than the RM11.6 million recorded in the previous year.</p> <p>Meanwhile, its cash and bank balances placed with financial institutions increased by 59% to RM16.81 million compared to RM10.572 million in FY2022.</p>
21.03.24 (Thur) 11.00 am	Ingenieur Gudang Berhad (EGM)	The Company is seeking shareholders' approval for the Proposed Bonus Issue of Warrants, which entails the issuance of 758.3 million warrants, on the basis of 1 Warrant B for every 2 existing shares held by the Entitled shareholders.
22.03.24 (Fri) 10.00 am	Bahvest Resources Berhad (AGM)	Bahvest will hold its first AGM after a new lineup took over the board and management in June 2023. The new board members and management

		<p>lineup is expected to shed more light on Bahvest's future performance and prospects.</p> <p>For the 18-month ended 30 September 2023, Bahvest posted revenue of RM200.86 million, derived entirely from the sales of 747.91 kgs of gold and 479.77 kgs of silver. It runs gold mining in Tawau via its subsidiary, Wullersdorf Resources Sdn Bhd.</p>
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One of the points of interest to be raised:																			
Company	Points/Issues to Be Raised																		
UMS Holdings Berhad (AGM)	<p>"The Board will identify relevant sustainability issues progressively during our medium and long-term planning process and will incorporate them as part of our key performance indicators in our periodic review of the Group's performance in achieving the Group's vision and mission." (Page 40 of the Annual Report 2023)</p> <p>a) Please provide a tentative timeline to accomplish the aforementioned sustainability-related efforts.</p> <p>b) Does the Group have the relevant resources to achieve its sustainability-related goals? If no, how the Group plans to obtain/ allocate the resources required.</p>																		
Lotus KFM Berhad (AGM)	<p><u>Financial Performance</u></p> <table border="1"> <thead> <tr> <th></th> <th>2023 RM'000</th> <th>2022 RM'000 (Restated)</th> <th>2021 RM'000 0</th> <th>2020 RM'000</th> <th>2019 RM'000</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>58,508</td> <td>66,079</td> <td>51,762</td> <td>55,098</td> <td>57,893</td> </tr> <tr> <td>Operating profit/(loss)</td> <td>2,374</td> <td>2,989</td> <td>2,475</td> <td>9,741</td> <td>(3,962)</td> </tr> </tbody> </table> <p>(Page 4 of the Annual Report 2023/AR2023)</p> <p>In FYE2023, LKFM recorded a lower revenue of RM58,508,000 in FYE2023 compared to RM66,079,000 in FYE2022, representing a 11.46% decrease or RM7,571,000 due to the decreased sales volume of flour milling and trading segment which caused by the decrease of demand in the operating market.</p> <p>The Group recorded a lower operating profit of RM2,374,000 in FYE2023 compared to RM2,989,000 in FYE2022, representing a 20.58% or RM615,000 decrease. FYE2023's operating profit result was also the lowest since FYE2020.</p> <p>a) How does the Group intend to address the lower revenue and operating profit moving forward?</p> <p>b) What is the latest outlook for the Group's business segments in FYE2024?</p>		2023 RM'000	2022 RM'000 (Restated)	2021 RM'000 0	2020 RM'000	2019 RM'000	Revenue	58,508	66,079	51,762	55,098	57,893	Operating profit/(loss)	2,374	2,989	2,475	9,741	(3,962)
	2023 RM'000	2022 RM'000 (Restated)	2021 RM'000 0	2020 RM'000	2019 RM'000														
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<p>Bahvest Resources Berhad (AGM)</p>	<p>Throughout the 18-month financial period ended 30 September 2023, Bahvest reported revenue and profit of RM200.86 million and RM1.01 million respectively.</p> <p>Bahvest's cost of sales to revenue increased sharply in FPE2023, representing 89% of total revenue compared to 79.13% in the year before. Meanwhile, the gold production cost per kilogram increased to RM238.8 during FPE2023 – a 22.12% increase compared to RM195.5 in FY2022.</p> <p>As a result, Bahvest's net profit margin eroded significantly to 0.5% compared to 8.3% in FY2022.</p> <p>a) Aside from the temporary halt of operation in April and May 2023 that resulted in lower production volume, what other factors contributed to the higher production cost of gold per kilogram?</p> <p>With production going full steam ahead, does the Board expect average production cost to remain elevated? Ideally, what is the optimal production cost per kilogram of gold? Please provide a breakdown of the key input components and their ratio to overall input costs.</p> <p>How would these factors reflect on the net profit margin in FY2024?</p> <p>b) The Group derived its entire revenue from the mining operations conducted by Wullersdorf Resources Sdn Bhd through the sales of 747.91 kgs of gold and 479.77 kgs of silver (page 10 of Annual Report 2023)</p> <p>What is the average selling price per kilogram of gold and silver in FPE2023? How were the selling prices compared to FY2022? How is the prospect of the prices of the commodities going forward?</p> <p>c) To enable better comparison and assessment by shareholders, we hope the Company could provide a table containing information such as total gold production, average production cost and selling price.</p>
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• With regard to the companies mentioned, MSWG holds a minimum number of shares in all the companies covered in this newsletter.

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