



The Observer

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❖ Bracing for uncertainties from COVID-19 crisis that refuses to go away

It has been more than a year after the COVID-19 pandemic hit Malaysian shore, but its impact on our lives and businesses is far from over.

On 9 June 2021, Malaysia Smelting Corp Bhd (MSC) declared *force majeure* after suspending its tin mining and smelting operations from 4 – 14 June – in line with the nationwide full movement control order (FMCO/MCO 3.0) measures to curb the spread of the COVID-19 pandemic.

MSC said the temporary suspension of operation is expected to have an impact on the company's operations and financial performance for the financial year ending 31 December 2021. However, it was unable to ascertain the extent of the impact.

On the other hand, it had also issued a notice of *force majeure* to its customers as the disruption in production will lead to a slowdown in the company's scheduled delivery of tin metal. Pursuant to this, all contractual obligations were immediately suspended.

A *force majeure* declaration aims to free parties in a contract from their obligations due to extraordinary circumstances.

In a related development, MSM Malaysia Holdings Bhd faced a somewhat similar fate, albeit of a lesser scale, as the company was forced to temporarily halt the operations of its plant in Seberang Prai (Penang) from 8 June until 15 June after eight positive COVID-19 cases were detected among the factory workers. MSM resumed its operation on 15 June after the thorough disinfection carried out successfully at the premises.

The estimated impact of the temporary suspension based on the initial assessment to the company's revenue and earnings is less than 5% for its FY2021.

The Company is also actively pursuing to claim the losses incurred during the suspension from insurer.

Also, in a similar predicament was Kawan Food Bhd which announced that it would suspend its operation for a week (14 – 21 June) due to the detection of 78 positive COVID-19 cases among its workers on 11 June.

Based on its back-of-the envelope calculations, CGS-CIMB Research adjusted Kawan Food's revenue and net profit forecasts to contract by 3.5% and 2.5% respectively for every week that its Malaysian facilities were not operating.

High degree of uncertainties

The operational hiccups that befell MSC, MSM and Kawan Food exemplify lingering concerns that the COVID-19 pandemic may continue to impact corporate earnings performances in the 2Q 2021 and beyond, thus further undermining the equity market's near-term performance.

Such insipid conditions could prolong with investors continuing to stay on the sidelines while waiting for further clarity of a turnaround on the pandemic condition and the consequent market's direction.

From the business perspective, the Federation of Malaysian Manufacturers (FMM) which represents over 10,000 member companies within the manufacturing supply chain has expressed grave concern on the extension of the FMCO 3.0, or total lockdown, by a further two weeks until 28 June with no changes to the conditions for operating.

FMM contended that with companies in the US and EU are starting to operate at full force. As such, it was imperative that Malaysia as a key manufacturing hub has to support these markets as part of their global supply chains.

FMM called on the Government to pump-prime the economy with a RM200 billion stimulus package that comes with RM30 billion direct fiscal injection which encompasses extension of automatic loan moratorium, extension of the wage subsidy programme, suspension of selected statutory payments et cetera.

Echoing similar sentiment, the EU-Malaysia Chamber of Commerce and Industry (EUROCHAM Malaysia) had also expressed concern that the current state of total lockdown should only be a temporary measure and be thoroughly reviewed by end-June 2021.

The Chamber said that there was a decline in Malaysia's reputation as a reliable partner in the international supply chain with companies being unable to fulfill orders or shifting production temporarily to other factory sites outside of Malaysia.

Nothing is enough

That the invisible enemy will not easily go away – but has even mutated to more resilient variants – has posed varying degrees of concerns.

The Government estimated that the country suffered economic losses to the tune of RM1 billion daily throughout the current MCO 3.0 period.

For comparison, the country lost about RM2.4 billion per day during the maiden movement control order (MCO 1.0 from 18 March - 3 May 2020) and about RM300 million to RM400 million daily during MCO 2.0 (13 January – 18 February 2021).

As expected, the Government has initiated action to cushion the blow to the Malaysian economy following the imposition of a total lockdown which came into effect on 4 June by doling out the PEMERKASA+ assistance package valued at RM40 billion.

With the seventh package to be rolled out to-date by the Government, the total cumulative economic stimulus is now valued at RM380 billion – equivalent to 24.2% of Malaysia's gross domestic product (GDP). All-in-all, the exercises involved a total fiscal injection of RM86 billion.

The Government is executing its four-phase National Recovery Plan which was recently unveiled by the Prime Minister. Nevertheless, uncertainties loom on the economic outlook front for 2H 2021 in the event the recovery phases do not pan out as planned.

CGS-CIMB Research expects an extension to the total lockdown to raise the risk of 2Q 2021F corporate earnings disappointment to the gaming, retail, auto, REIT (real estate investment trust), property, construction and tourism-related sectors.

Sectors least affected are export-oriented (technology, glove makers, petrochemicals, plantations) and utilities (including Tenaga Nasional Bhd, telcos, gas players) which are allowed to operate during MCO.

During such periods of uncertainty, many investors will get spooked and begin to question their investment methodologies and strategies. It is at times like this that investors should be extra vigilant with their investments and avoid rash and impulsive decisions.

Devanesan Evanson
Chief Executive Officer

MSWG AGM/EGM Weekly Watch 21 – 25 June 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
21.06.21 (Mon) 10.00 am	UEM Sunrise Bhd (AGM)	The Company recorded a net loss after non-controlling interests of RM277 million for the financial year under review following the lower revenue contribution, poorer share of results from joint ventures and associates, additional tax assessment and derecognition of deferred tax assets in addition to the provisions for impairments of its assets and inventories of RM93 million.
21.06.21 (Mon) 11.00 am	Sapura Industrial Bhd (AGM)	<p>For FY2021, the Group generated a revenue of RM155.9 million (FY2020: RM225.0 million) whilst profit for the year was recorded at RM0.7 million (FY2020: RM2.3 million).</p> <p>Overall revenue for financial year ended January 2021 was lower at RM155.9 million as compared to previous corresponding year's RM225.0 million. This was mainly attributed to non-production period in March and April 2020 as a result of the MCO imposed by the government to curb the spread of COVID-19.</p>
21.06.21 (Mon) 02.00 pm	AirAsia Group Bhd (EGM)	The EGM is to seek shareholders' approval for proposed establishment of a long-term incentive scheme for Eligible Employees and proposed acquisition by AirAsia Group Berhad ("AirAsia") of the remaining 20% equity interest in BIGLIFE Sdn Bhd (BIGLIFE) for RM103.03 million to be satisfied entirely via the issuance of 85.86 million new ordinary AirAsia shares at RM1.20 per share. Upon completion of the Proposed Acquisition, BIGLIFE will become a wholly owned subsidiary of AirAsia.

22.06.21 (Tue) 10.00 am	WCT Holdings Bhd (AGM)	<p>For FY2020, WCT recorded a profit from operations of RM87.6 million, contributed mainly by the Engineering and Construction Division and the Property Development Division.</p> <p>However, compared to the RM193.5 million profit from operations in FY2019, the FY2020 result represented a decline of 54.7% or RM105.9 million y-o-y.</p>
22.06.21 (Tue) 10.00 am	Dayang Enterprise Holdings Bhd (AGM)	<p>For the financial year 2020, the Group registered a net profit after tax of RM32.6 million, an 85% drop from last year, which was recorded at RM221.9 million, due to the lower value of work order received and performed during the year as well as lower vessel utilisation rates, impacted by the pandemic.</p>
22.06.21 (Tue) 10.00 am	PBA Holdings Bhd (AGM)	<p>PBAHB's total revenue in 2020 amounted to RM336.30 million, as compared to RM340.20 million in 2019. Since PBAHB managed to record a PAT of RM24.76 million in 2020, the Board of Directors will propose a single tier final dividend of 1.00 sen per share during the 21st Annual General Meeting (AGM).</p>
22.06.21 (Tue) 10.00 am	Comfort Gloves Bhd (AGM)	<p>The Group's revenue increased by 85% from RM510.7 million in FY2020 to RM946.4 million in FY2021 driven by higher sales volume and average selling price. During the year, its PBT increased substantially to RM363.3 million from RM41.6 million in preceding year. Upon completion of two expansion plans, the Group's total production capacity is expected to grow from 6.8 billion gloves per annum to 25.2 billion gloves per annum - a 270% increase of its current production capacity.</p>
22.06.21 (Tue) 11.00 am	KPJ Healthcare Bhd (AGM)	<p>Net profit declined nearly 50% from RM226.7 million in FYE 19 to RM110.8 million in FYE 2020 mainly due to the pandemic. Bed occupancy rates were low at 48% in FYE 2020. The</p>

		Company has to develop other health related businesses such as telemedicine in order to boost its profitability.
22.06.21 (Tue) 11.00 am	Tomypak Holdings Bhd (AGM)	<p>The FY2020 is the third consecutive year that Tomypak has been loss-making, notwithstanding a lower net loss RM540,000 as compared to RM11.6 million in the preceding year.</p> <p>Moving forward, the Company expects the rollout of new environmentally friendly products to bring positive impact to the Group from FY2021 onwards. Besides, it foresees that the intensive sales and marketing activities, as well as the recruitment of a more experienced sales & marketing director since early 2021, there will be improvements in revenue and operational results for the immediate future.</p>
23.06.21 (Wed) 09.30 am	Boustead Heavy Industries Corp. Bhd (AGM)	<p>In FY2020, Boustead Heavy Industries Group registered a lower loss after tax of RM50.6 million (FY2019: RM117 million) mainly due to no impairment incurred and share of losses by associates has been capped right up to the Group's cost of investment in FY2019.</p> <p>Moving forward, the Group will continue to focus on its core businesses of shipbuilding and MRO of military assets and equipment while exploring new business ventures and opportunities in the commercial segments.</p>
23.06.21 (Wed) 10.00 am	DRB-Hicom Bhd (AGM)	<p>DRB-Hicom recorded a revenue of RM13.16 billion and PBT of RM540.1 million for FY2020, mainly attributable by automotive sales and the divestment of non-industrial land in December 2020. The disposal of property asset saw the Group recognised a one-off gain of RM862.6 million. Without the one-off gain, can the Group remain profitable, going forward?</p>

		Besides, under Resolution 6 for DRB-HICOM's upcoming AGM, the Company is proposing higher payment of benefits payable (excluding Directors' fees) to the Non-Executive Chairman and Non-Executive Directors up to RM1.33 million, which is higher than the RM439,000 approved at the 30th AGM in 2020. The increase was due to the proposed monthly fixed allowance of RM70,000 to remunerate the Company's chairman.
23.06.21 (Wed) 10.00 am	LFE Corporation Bhd (AGM)	LFE saw a 29% decline in revenue to RM13.4 million for FY2020, mainly due to temporary closure of its construction site when MCO was implemented in March 2020. The Group recorded LAT of RM1.7 million, mainly attributed to one-off expense incurred for professional fees of RM1.13 million related to the Group's corporate exercise. As of FY2020, it has RM33.3 million of unbilled contract in hand, which will provide earnings visibility for the next 18 months.
23.06.21 (Wed) 10.00 am	Media Prima Bhd (AGM)	Media Prima's revenue declined by 6% to RM1.04 billion in FY2020 against RM1.11 billion in the year before. Nevertheless, losses decreased by 90% y-o-y to RM18.1 million in FY2020 from a loss of RM185.5 million in FY2019, due to lower operating expenses achieved through cost optimisation initiatives. The rebranded WOWSHOP saw stronger performance during the MCO, posting a profit of RM10.2 million, supporting the Group's decision to fully acquire the segment. REV Media also recorded a net profit of RM10.8 million in FY2020 vs RM1.7 million in FY2019.
23.06.21 (Wed) 10.30 am	Aeon Credit Service (M) Bhd (AGM)	AEONCR's registered a 2.3% decline in revenue to RM1.56 billion in FY2021, (FY2020: RM1.6 billion), mainly due to

		<p>lower income in line with weaker transaction and financing volume during the year, with business activities being disrupted during various MCOs.</p> <p>PBT amounted to RM324.91 million (FYE2020: RM390.44 million), which is 16.8% lower compared to the previous year. The decrease was mainly due to lower revenue and incrementally higher impairment losses on financing receivables of RM58.11 million occasioned by the effects of COVID-19 pandemic.</p>
23.06.21 (Wed) 11.00 am	FGV Holdings Bhd (AGM)	<p>FGV recorded a 6.2% increase in revenue to RM14.08 billion (2019: RM13.3 billion) mainly due to higher average CPO prices and improved sales volume in its Sugar Business.</p> <p>Despite the increase in its CPO cost ex-mill and lower contributions from its Logistics & Others division, the Group's operating profit before impairment and Land Lease Agreement (LLA) grew more than 100% to RM839 million in FY2020. In line with this, FGV recorded a PBZT of RM346 million compared with an LBZT of RM339 million in 2019.</p> <p>The US CBP had issued a Withhold Release Order on palm oil and palm oil products made by FGV, its subsidiaries and joint ventures. FGV is committed to resolving the matter with the US CBP.</p>
23.06.21 (Wed) 11.00 am	Wang-Zheng Bhd (AGM)	<p>The Company suffered nearly a 50% drop in net profits in FYE 2020 due to the pandemic. The company has to aggressively develop its e-commerce platform to boost its revenue in FYE 2021 due to the popularity of the platform. The Company has also got to market more of its own brand products rather than OEMs as they command higher margins.</p>
23.06.21 (Wed) 03.00 pm	Dagang Nexchange Bhd (EGM)	<p>DNeX will seek shareholders' approval to acquire 60% stake in SilTerra Malaysia Sdn Bhd for RM163.8 million which will be satisfied entirely by cash.</p>

		<p>It also proposes to diversify existing business activities to include the semiconductor business.</p> <p>DNeX had extended its 51st AGM to be conducted no later than 31 December 2021, thus its Non-Executive Directors would not be able to receive any Directors' fees and benefits until the 51st AGM.</p> <p>As such, it is also seeking shareholders' approval for the proposed payment of Directors' fees and benefits to the Non-Executive Directors of DNeX Group up to an aggregate amount of RM1 million for the period from 1 January 2021 until the next AGM of the Company.</p>
24.06.21 (Thur) 09.30 am	Boustead Holdings Bhd (AGM)	<p>Boustead posted a 23.6% decline in revenue to RM7.9 billion in FY2020. While the Covid-19 pandemic affected most of its divisions, plantation and pharmaceutical divisions performed commendably, which helped to mitigate the impact and enabled the Group to record a lower loss before tax (LBT) of RM420 million for FY2020 (FY2019: LBT RM1.3 billion).</p> <p>It has embarked on Reinventing Boustead Strategy to reinvent and transform its core businesses in the digital age to build greater resilience in its operations with more sustainable business models.</p>
24.06.21 (Thur) 10.30 am	Adventa Bhd (AGM)	<p>The Company has posted losses in the last 2 financial year and is looking for tech and information driven businesses to venture into. Although its in the medical related business which has seen a boost since the pandemic, the Company has not taken full advantage of the upsurge in the demand for medical related products. It has also exited the dialysis business which it deemed not attractive.</p>
24.06.21 (Thur) 02.00 pm	Astro Malaysia Holdings Bhd (AGM)	<p>Astro recorded RM4.4 billion of revenue in FY2021 (FY2020: RM4.9</p>

		<p>billion). ARPU stood at RM96.9, down 3% primarily due to the RM40 rebate extended to all its Sports Pack customers and ongoing initiatives to move customers to bundled packs.</p> <p>Its EBITDA remained steady at RM1.5 billion with an EBITDA margin of 34%, underpinned by tight cost control and the recovery seen as the economy gradually reopened. Consequently, PATAMI is resilient at RM540 million, 18% down year-on-year.</p> <p>The Group's Home Shopping segment under the Go Shop performed well during the year with PBT of RM16.6 million as compared to LBT of RM15.8 million in FY2020.</p>
25.06.21 (Fri) 10.00 am	OCK Group Bhd (AGM)	OCK generated RM473.5 million revenue in FY2020, as compared to RM473.4 million in FY2019. Net profit stood at RM25.9 million, representing a 9.1% decline y-o-y. Currently, its recurring revenue contributed 65.9% of the Group's total revenue for FY2020 as compared to 50.4% in FY2019.
25.06.21 (Fri) 11.00 am	SWS Capital Bhd (AGM)	SWS' furniture business was somewhat affected by the pandemic. However, its plastic ware business offers great potential during the pandemic. This is because demand for plastic products for certain sectors such as packaging, hygiene, sanitisation and food experienced strong demand during this period. The Company should allocate more resources to develop products for these sectors to take advantage of the rising demand.
25.06.21 (Fri) 03.00 pm	G3 Global Bhd (AGM)	The Company has been mired by losses for the last financial years and in October 2020, the Company received a Letter of Intent for the development of Technology Park Phase 3 from Technology Park Malaysia. This project if it materialises could be a game changer for the Company's fortunes.
25.06.21 (Fri) 03.30 pm	Sunway Bhd (AGM)	Sunway Group's revenue declined by 20% y-o-y to RM3.8 billion, while PBT declined by 41% y-o-y to RM513 million

		<p>in FY2020. Most of the business segments recorded lower revenue and profits, particularly Hospitality and Leisure businesses being the hardest hit, nevertheless its diversified businesses had helped to cushion the fallout.</p> <p>Sunway plans to accelerate the pace of digital adoption in various business divisions to ensure business continuity, engaging with customers and exploring new channels and platforms to stay ahead of competition and market trends.</p>
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One of the points of interest to be raised:	
Company	Points/Issues to Be Raised
UEM Sunrise Bhd (fka UEM Land Bhd) (AGM)	<p>The Group has narrowed down 11 potential business sectors to two - education and healthcare, one of the 8 key areas highlighted in the UEMS 2025.</p> <p>a) Where does the Group intend to set up the education and healthcare businesses?</p> <p>b) When does the Group target to start the operation of the education and healthcare businesses?</p> <p>c) What is the gestation period of the education and healthcare businesses before these businesses become profitable?</p> <p>d) (d)Does the Group intend to tie up with established education and healthcare service providers? If yes, please name the institutions?</p>
Sapura Industrial Bhd (AGM)	<p>1) The Group has fully impaired RM37.0 million of the Group's Other Receivables in FY2021. (Pages 119 &120 of AR)</p> <p>The high impairment allowance is mainly due from related parties which have been significantly long outstanding. (Page 122 of AR)</p> <p>(i) Please name the related parties (and the amounts) that comprise the impaired Other Receivables of RM37.0 million?</p>

	<p>(ii) What are the challenges faced in collecting the Other Receivables due from the related parties?</p> <p>2) The Group has written-off inventories of RM2.469 million in FY2021 as compared to RM0.66 million in FY2020, an increase of RM1.81 million or 274%. (Page 95)</p> <p>a) Please provide a breakdown of the inventories written-off (by category of inventories) as disclosed in Note 17 of the Annual Report.</p> <p>b) What was the reason for the high inventories write-off in FY2021?</p> <p>c) What is the expected scrap value of the inventories written-off?</p>
<p>WCT Holdings Bhd (AGM)</p>	<p>As part of the Group's on-going de-gearing initiatives, the Group had divested a parcel of undeveloped land in Klang, Selangor for total cash proceeds of RM25.2 million during the financial year (Page 10 of the Annual Report 2020).</p> <p>What are the de-gearing plans that the Group intends to execute in FY2021? What is the targeted gearing level for the next two financial years?</p>
<p>Dayang Enterprise Holdings Bhd (AGM)</p>	<p>The Company recognised an impairment loss of RM186.9 million (2019: Nil) for a subsidiary based on the estimated recoverable amount of the subsidiary. (Page 112 AR)</p> <p>a) Please name the subsidiary with the impairment loss of RM186.9 million?</p> <p>b) What is the nature of the impairment loss of the subsidiary by the type of assets that were impaired?</p> <p>c) (c) Is there any potential for the impairment loss to be reversed in the future?</p>
<p>PBA Holdings Bhd (AGM)</p>	<p>The Group's Other Operating Income ("OOI") has reduced by RM6.83 million or 29.8% from RM22.94 million in FY2019 to RM16.11 million in FY2020. (Page 160 of AR)</p> <p>a) Please explain the reason(s) for the lower OOI in FY2020?</p> <p>b) What are the measures taken by the Group to address the drop in OOI?</p>

	c) What is the expected trend of OOI in FY2021?
Comfort Gloves Bhd (AGM)	<p>1. The cost incurred for the Internal Audit function for the financial year ended 31 January 2021 was RM8,000. (Page 34 of AR)</p> <p>Given that the fee is unusually small (approximately only RM700 per month), how does the audit committee assure itself that there would be adequate coverage and an effective audit function?</p> <p>2. Under Ordinary Resolution 7, it is proposed that Messrs KPMG PLT be appointed as Auditors of the Company in place of the outgoing Auditors, Messrs Baker Tilly Monteiro Heng PLT.</p> <p>What was the reason for Messrs Baker Tilly Monteiro Heng PLT not seeking re-appointment? Is the Company aware of any reasons for the change in auditors?</p>
KPJ Healthcare Bhd (AGM)	<p>There is an Impairment loss of RM16.9 million for property, plant and equipment for FYE 2020 (FYE 2019: Nil). (Page 22 of FS 2020)</p> <p>What is the nature of this impairment and what made this impairment necessary? Is any portion of the impairment recoverable?</p>
Tomypak Holdings Bhd (AGM)	<p>FY2020 is the third consecutive year that Tomypak has been loss-making. Net loss narrowed to RM540,000 from RM11.6 million in the preceding year.</p> <p>a) The Group foresees improved revenue and operational results this year. Will the Group be profitable in FY2021?</p> <p>b) With the appointment of a new sales and marketing director on 1 March 2021, Tomypak expects to secure better sales and more customers. What are the new contracts that were secured since the appointment of the new director?</p>
Boustead Heavy Industries Corp. Bhd (AGM)	<p>Gearing ratio increased significantly from 2.6 times in FY2019 to 4.45 times in FY2020 (page 6 of AR 2020). The Group recorded a negative net cash flow from operating activities of RM17.7 million in FY2020 (page 113 of AR2020).</p>

	<p>a) Given that the cash and bank balances decreased substantially to RM3.5 million (FY2019: RM28.3 million) (Note 23, page 167 of AR2020) and that there was negative net cash flow, how will the Group prepare itself to meet its debt and payables obligations on a timely manner?</p> <p>b) Revolving credit (RC) facilities make up 70% of the Group's total borrowings of RM291.1 million which are repayable on demand by the banks. How does the Group manage its refinancing risks in the event the banks withdraw the RC facilities? What are the Company's plans to reduce its high gearing level?</p>
<p>DRB-Hicom Bhd (AGM)</p>	<p>The Group's profit before tax ("PBT") came in at RM540.1 million, with significant contributions from the disposal of property assets (page 103 of AR2020). The disposal - first announced in 2018 as part of the re-structuring of DRB-HICOM's property businesses - saw the Group recognise a gain of RM862.6 million (page 99 of Annual Report 2020 ("AR2020")). Excluding the one-off gain of RM862.6 million, the Group would have incurred an operating loss for financial year ended 31 December 2020.</p> <p>Will the Group be able to remain profitable (without one-off gains), going forward?</p>
<p>LFE Corporation Bhd (AGM)</p>	<p>The ageing analysis of the Group's trade receivables and contract assets -accrued billings shows all categories of past due but not impaired trade receivables and contract assets. The category of more than 1 year past due but not individually impaired increased by 202.6% to RM11.5 million in FY2020 (FY2019: RM3.8 million (Note 22, page 93 of AR 2020).</p> <p>a) How much of overdue trade receivables and contract assets of RM11.5 million is related to the Group's major customers?</p> <p>b) Why weren't any impairments made for these trade receivables and contract assets as they have been long outstanding for more than 1 year?</p> <p>c) Are there any allowances for impairment losses expected for FY2021?</p>

Media Prima Bhd (AGM)	<p>REV Media recorded a profit after tax ("PAT") of RM10.8 million in FY2020 from RM1.7 million a year ago. Full year revenue for this segment increased by 21% to RM90.1 million from RM74.4 million in FY2019. (Page 15 of Annual Report - AR)</p> <p>a) What competitive advantages does Rev Media have over its peers?</p> <p>b) What were the main reasons for Rev Media to record higher double-digit revenue growth rate and significantly higher profit? Is the good performance sustainable in FY2021?</p>
Aeon Credit Service (M) Bhd (AGM)	<p>AEONCR had provided RM151.57 million allowance (FY2020: RM103.95 million) for impairment loss on financing receivables in FY2021.</p> <p>What is the breakdown of the provision made in terms of pre-emptive provision for vulnerable borrowers impacted by COVID-19 pandemic and macroeconomic forecast?</p> <p>Is there a need for AEONCR to increase the size of provision in FY2022?</p>
FGV Holdings Bhd (AGM)	<p>In September 2020, the US Customs and Border Protection ("CBP") issued a Withhold Release Order ("WRO") on palm oil and palm oil products made by FGV, its subsidiaries and joint ventures based on information that reasonably indicates the use of forced labour (page 123 of Annual Report 2020 ("AR2020")).</p> <p>a) What is the estimated cost and financial impact to the Group in relation to the WRO issued by the US CBP?</p> <p>b) Based on Bursa announcement dated 31 March 2021, FGV is committed to resolving the matter with the US CBP and will revisit the appointment of an independent firm in June 2021 for a comprehensive external audit on FGV's labour practices, as suggested by the US CBP. Please provide an update in relation to the WRO.</p>
Wang-Zheng Bhd (AGM)	<p>The Company's revenue declined by 11% to RM242.6 million from RM273.5 million a year earlier while net profit reduced nearly by half to RM5.95 million from RM11.3 million from the previous year for financial year ended December 31, 2020.</p>

	<p>The decline was mainly attributable to the spread of the Covid-19 pandemic. (Page 27 of AR 2020)</p> <p>a) What are the steps being taken by the Company to mitigate the decline in revenue and profitability for FYE 2021 due to the pandemic?</p> <p>b) What is the targeted revenue and net profit for FYE 2021?</p>
<p>Boustead Holdings Bhd (AGM)</p>	<p>1. The Company's allowance for expected credit loss on amount due from subsidiaries increased to RM116.6 million in FY2020 (FY2019: RM70.1 million) (Note 23, page 206 of AR 2020)</p> <p>a) Please name the subsidiary with the allowance for credit loss.</p> <p>b) What were the reasons for the high allowance for credit loss in FY2020? Is there any potential for the allowance of credit loss to be reversed in the future?</p> <p>2. The ageing analysis of the Group's trade receivables shows all categories of past due trade receivables. The category of more than 120 days past due increased to RM184.2 million in FY2020 (FY2019: RM132.4 million) (Note 23, page 205 of AR 2020).</p> <p>a) How much of these overdue trade receivables of RM184.2 million have been recovered to-date?</p> <p>b) What percentage of these overdue trade receivables of RM184.2 million are expected to be non-recoverable?</p> <p>c) What actions have been taken to collect the overdue amounts?</p>
<p>Adventa Bhd (AGM)</p>	<p>1. Based on the Corporate Governance (CG) report of the Company on application of the Practices under the Malaysian Code on Corporate Governance (MCCG), the board will not seek annual shareholders' approval through a two-tier voting process for Directors intending to seek office beyond the 12 year term. Adventa does not adopt a two-tier voting process in the upcoming AGM to seek annual shareholders' approval for the retention of two long-serving independent directors</p>

	<p>namely Mr. Toh Seng Thong and Mr. Edmond Cheah Swee Leng, who have served the Board since 10 May 2004 and 27 September 2004 respectively.</p> <p>Why has the Company not applied the practice of two-tier voting as advocated by the MCCG? Does the Company intend to apply two-tier voting in the future? If so, by when?</p> <p>2. The total internal audit fee incurred by the Company for FYE 2020 was RM15,000 or around RM1,250 per month. (Page 26 of AR 2020)</p> <p>a) Given that the fee is rather small, how does the Audit Committee assure itself that there would be adequate coverage and an effective audit function?</p> <p>b) What were the areas covered by the internal audit during FYE 2020?</p> <p>c) How many internal audit reports were issued during FYE 2020?</p>
Astro Malaysia Holdings Bhd (AGM)	<p>In September 2020, ASTRO completed a RM300 million debt refinancing exercise to take advantage of the attractive pricing and tenure on offer and continues to evaluate opportunities amid the present benign interest environment. (Page 20 of IAR)</p> <p>What is the interest rate and tenure for the new RM300 million debts compared to the previous refinanced debt? How much is the expected annual finance charges savings from the refinancing exercise?</p>
OCK Group Bhd (AGM)	<p>The Group is focusing on developing an independent ASEAN tower company and currently has a telecommunication tower portfolio of more than 4,300 towers. (Page 2 of Annual Report – AR)</p> <p>a) Which other countries is the Group expanding to and what is the timeframe?</p> <p>b) Are there many strong competitors in the countries the Group is operating? What are the Group's competitive advantages?</p>

<p>SWS Capital Bhd (AGM)</p>	<p>1. The Group has recorded loss after Tax for two consecutive years; the losses escalated to RM 10.699 mil for the 16-months period ended 31 December 2019 (FY2018: RM0.923 mil) a) (Page15 of AR2019)</p> <p>a) What are the group's strategies to turnaround the Company especially in relation to sales & marketing, cost control and manufacturing efficiency?</p> <p>b) When is the Group expected to return to breakeven?</p> <p>2. A prepayment of RM823,628 is being written off in the 16-month-financial period ended 31 December 2020. (Page 127 of the Annual Report).</p> <p>What is nature of the prepayment that is being written off?</p>
<p>G3 Global Bhd (fka Yen Global Bhd) (AGM)</p>	<p>Allowance for ECL Losses for Other Receivables increased significantly to RM1.04 million in FYE 2020 (FYE 2019: Nil.) (Page 66 of AR 2020)</p> <p>a) What was the reason for the substantial increase in impairment?</p> <p>b) How much of these impairments have been recovered to-date?</p> <p>c) What percentage of these impairment are expected to be non-recoverable?</p> <p>d) Is the impairment expected to increase, going forward?</p>
<p>Sunway Bhd (AGM)</p>	<p>The Group's allowance for impairment loss on amounts due from joint ventures increased to RM52.0 million in FY2020 (FY2019: RM46.4 million) (Note 34, page 293 of IAR 2020)</p> <p>a) Please name the joint venture company with the impairment. What was the reason for the higher impairment in FY2020?</p> <p>b) What is the likelihood of further impairment in the near term?</p> <p>c) Is there any potential for the impairment to be reversed in the future?</p>

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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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