MINORITY SHAREHOLDERS WATCH GROUP
BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
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The Observer

MSWG will organise a webinar titled "Cyber Security: What's Directors Need to know" at 09.30 a.m. on 8 June 2022 (Wednesday). Please visit https://bit.ly/3Lxx4Kk for registration and more info.

20.05.2022

Investing amid high interest rate, rising inflation, depreciating ringgit

In what is has been deemed as a surprise move, Bank Negara Malaysia (BNM) had on 11 May raised the Overnight Policy Rate (OPR) by 25 basis point to 2.00% from a record low of 1.75% which has been in place since July 2020.

Such move was in contrast with the forecast of many economists who had predicted an interest rate hike to only occur towards second half of 2022 although it has to be acknowledged that the earlier-than-expected rate increase might cushion the current ringgit weakness while reducing further capital outflows from the country.

For now, it is fair to assume that this interest rate hike should not be taken as a signal of aggressive tightening although another round of rate hike could be in the pipeline towards end-2022. If materialises, it will be by another 25bps, thus bringing the OPR to 2.25%.

Nevertheless, it was intriguing that BNM would jump on the interest rate hike bandwagon this soon given that Malaysia's economic recovery remains relatively fragile while the country's average headline inflation remains within a manageable level (YTD: 2.2%).

Economists believed that one of the underlying reasons of BNM's rate hike was due to the sharp depreciation of ringgit against the greenback (about 4.8% since the start of the year) as well as with other major and regional currencies.

Besides, the strong selling pressure on ringgit is largely attributed to the rising market volatility mainly due to the US Federal Reserve's hawkish stance and the impact of China's zero COVID-19 policy.

Rate hikes by central banks

Very broadly, major central banks globally have started – or at least hinted – to hike their benchmark interest rate to contain the inflationary pressure.

On 4 May, the US Federal Reserve raised its benchmark interest rate by another 50 basis points (bps) to 75bps year-to-date – the biggest increase in more than two decades.

The Federal Open Market Committee (FOMC) boosted the federal funds rate to a range of 0.75% to 1% following its 25 basis point rate increase in March 2022 – its first hike since late 2018. The last time the Federal Reserve raised interest rates at back-to-back meetings was in 2006.

In addition, the Bank of England sent a stark warning that Britain risks a double-whammy of a recession and inflation above 10% as it raised interest rates to highest level since 2009, hiking by quarter of a percentage point to 1%.

In the same light, the European Central Bank (ECB) President Christine Lagarde has signalled that she would support a hike in the ECB's main interest rate in July 2022 to combat inflation.

Closer to home, Malaysia is in the same boat with some other regional banks such as India, Australia and South Korea. This is despite some of its neighbouring countries still holding their key rate steady and keeping the rate low amid ongoing uncertainties on economic prospects.

For instance, Bank Indonesia has kept the benchmark seven-day reverse repurchase rate at 3.50% last month to bolster the recovery. Additionally, the Thai Monetary Policy Committee shared a similar view by maintaining local interest rates to support economic growth.

Mitigating investment risks

Volatility prevails amid the current environment of high interest rate, rising inflation and depreciating ringgit. Rather than exiting the financial markets altogether, investors should accord ample precaution by insulating their portfolios from the adverse effect of market swings.

Navigating through a volatile period entails mindfulness and self-discipline as well as building an aptitude towards diversification and rebalancing, notably by having investments spread across various asset classes that may include stocks, fixed deposits, bonds, unit trusts, or gold, among others.

Even within equities, an investor may want to rotate into sectors that are deemed to be able to perform better in higher inflation condition such as energy or commodities.

The banking sector is obviously a clear winner from an OPR upcycle as net interest margin (NIM) is expected to widen. Meanwhile, the sectors on the losing end comprise of real estate investment trusts (REIT) in view of narrowed spread between dividend yields and the 10-year Malaysian Government Securities, as well as property counters given higher OPR means increased mortgage instalments for house buyers.

Elsewhere, a weak ringgit can act as a stimulus to Malaysian businesses as it enables Malaysian-made goods to become more affordable for foreign markets. Manufacturers and export-oriented businesses which market their goods to international markets may enjoy higher sales volume.

More broadly, businesses with ringgit cost and US dollar earnings can also expect to benefit from ringgit's volatility.

While technology companies are expected to benefit from the depreciation of ringgit as their revenues are denominated in the greenback, investors are forewarned that tech companies could also be dependent on components which are priced in the US dollar.

Henceforth, whether a particular tech firm will benefit from weak ringgit or otherwise will depend on whether earnings from the depreciation will outweigh the higher input costs.

In the past, glove makers would often benefit from a weak ringgit as their products are often quoted in the US dollar but in recent times, it has to be borne in mind that prospect of higher earnings has been weighed down by a decline in average selling prices (ASPs) and steep competition (both locally and from China/Thailand).

Domestic travel and tourism-related industry (notably hotels and airport operator such as Malaysia Airports Holdings Bhd) should benefit from weaker ringgit especially with Malaysia's re-opening of its international borders since 1 April.

However, the same cannot be said of the airline industry (i.e., in the case of Capital A Bhd who operates budget carrier AirAsia) given its gain may be offset by escalating fuel cost which is quoted in the greenback.

Likewise, the automotive industry may see a struggle if there is heavy reliance on imported components which will ultimately impact its overall cost of operation. Unless car manufacturers can pass down the higher cost vis-à-vis a price increase of their end product, the outlook for the industry is likely to be bleak.

As it is, the Malaysian Automotive Association (MAA) expects vehicle prices to rise due to an increase in the price of raw materials which is further compounded by the weakening ringgit as well as the on-going chip supply shortage.

For now, car manufacturers in Malaysia have yet to decide whether to increase prices or to continue absorbing the rising costs.

Refocusing and reviewing your investment portfolio is an important part of the successful investment process. For minority shareholders in the stock markets, it is time to relook at your holdings to see if they need weatherproofing and are defensive enough given the forthcoming headwinds, and vagaries of the capital market. 'Less is more' and this may also be an opportune moment to trim down the number of companies in which you may be invested in. It is easier to stay abreast of company-level developments if we have a manageable number of companies in our portfolio.

Devanesan Evanson
Chief Executive Officer

MSWG AGM/EGM Weekly Watch 23 – 27 May 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.

One of the points of interest to be raised:		
Date	**Company**	**Points/Issues to Be Raised**
23.05.22 (Mon) 10.00 am	Hextar Global Berhad (AGM)	Hextar Global generally grants a credit term of 30 days to 120 days to clients. As of 31 December 2021, trade receivables which is past due more than 120 days amounted to RM65.73 million, representing approximately 42% of Hextar Global's trade receivables of RM156.56 million (net of allowance for expected credit losses). (Note 40.1 (b) (iii) Credit risk – Trade receivables, page 174 of AR2021). a) To which business segment do these customers with long outstanding trade receivables relate to? Please include details such as country, amount due, overdue period etc. b) How likely is it that these long outstanding trade receivables require provisions to be made? c) As the information in AR2021 was based on period ended 31 December 2021, what is the latest figure of Hextar Global's long outstanding trade receivables including aging?
23.05.22 (Mon) 10.00 am	Bank Islam Malaysia Berhad (AGM)	In terms of asset quality, BIMB saw its gross impaired financing ratio (GIF) increase to 0.96% compared to 0.67% in FY2020. a) Financing under repayment assistance (RA) is not classified as impaired. Does BIMB expect upward pressure in GIF upon the expiry of various pandemic related RA programmes this year? b) What is the Bank's credit cost guidance for FY2022? c) The size of impaired financing of the construction sector increased significantly to RM285.25 million in FY2021 from RM36.22 million in FY2020 (page 273 of IAR2021). To which business segment are these impairments related to? What is the probability of writing back these impairments?
23.05.22 (Mon) 11.00 am	Public Bank Berhad (AGM)	For the past two financial years, Public Bank had collectively provided RM1.77 billion of management overlays (macroeconomic variables + COVID-19 related management overlay) as a pre-emptive provision for potential credit risk deterioration due to the COVID-19 pandemic. What is the visibility on writing back the management provision made in FY2020 – FY2021? As at end of FY2021, Public Bank's loan loss coverage (LLC) ratio increased significantly to 360.7% compared to 227.7%

		the year before. Public Bank's LLC ratio was also significantly higher than the industry's average of 129%. Will there be a normalized loan loss coverage ratio going forward? (360.7% as at end of 2021, compared to 227.7% as at end of 2020)? What is the Bank's credit cost guidance for FY2022?
23.05.22 (Mon) 03.00 pm	Opensys (M) Berhad (AGM)	As announced on Bursa Malaysia Securities on 4 March 2022, OpenSys has proposed the transfer of the listing of and quotation for the entire issued share capital of the Company from ACE market to Main Market of Bursa Malaysia Securities Berhad. What is the status of the proposed transfer?
24.05.22 (Tue) 10.00 am	KKB Engineering Berhad (AGM)	There is an impairment loss on trade receivables amounting to RM3,944,865 in FY2021 (FY2020: RM55,208) (Page 91 of the Annual Report 2021). a) Which trade receivables are involved in the impairment exercise? b) Is the amount recoverable? How much of the impairment loss has been recovered to-date? How much is expected to be recovered in FY2022?
24.05.22 (Tue) 10.00 am	Sime Darby Property Berhad (AGM)	1. The Group's joint venture in Battersea Project Holding Company Limited, ("Battersea") had written-down its inventories by RM842.75 million in FY 2020 as compared to RM Nil in FY 2021. (Page 271 of IAR) a) Why was there no write-down of inventories in FY 2021? b) What are the types and amounts of inventories that were write-down in FY 2020? c) Is there any amount of write-down inventories written back in FY 2021.If yes, what is the type and amount written back? 2. The accumulated impairment losses on other receivables remain high, constituting 73.1% and 69.6% of the other receivables as at FYs 2021 and 2020 respectively. (Page 295 of IAR) a) Please provide the ageing profile of the impairment losses on other receivables for bands of less than 1 year, 1-2 years, 2-3 years, and more than 3 years for FY 2021. b) What are the challenges the Group faced in collecting the impaired other receivables? c) What is the expected amount of the impairment losses that will have to be written-off eventually?

25.05.22 (Wed) 10.00 am	Vizione Holdings Berhad (AGM)	The Group was profitable at the operating level. However, a one-time non-cash goodwill impairment loss of RM91.0 million for a subsidiary ultimately resulted in it reporting a loss after tax and non-controlling interest ("net loss") of RM85.6 million in FY2021(FY2020: Net loss of RM8.7 million) (Page 11 & Page 73 of the Annual Report 2021). Despite recording a profitable business at the operating level, the heavy impairment has severely impacted the Group's overall financial performance in FY2021. How does the Board plan to address the Group's financial performance, moving forward?
25.05.22 (Wed) 10.00 am	Telekom Malaysia Berhad (AGM)	TM recorded a 6.4% growth in revenue to RM11.5 billion compared to RM10.8 billion in 2020. The solid performance is attributed to the strong growth in unifi revenue and fixed broadband subscribers, as well as the sharp increase in the TM Wholesale business, which registered increasing data demands from hyperscalers, and international and domestic telcos. (page 15 of IAR 2021) Is the strong growth in unifi revenue and fixed broadband subscribers, as well as the sharp increase in the TM Wholesale business sustainable in FY 2022? Please provide reasons for the answer.
25.05.22 (Wed) 10.00 am	Benalac Holdings Berhad (AGM)	There are net impairment losses on property, plant, and equipment, namely barges and dredges, amounting to RM11,250,737 (FY2020: RM513,016) (Pages 94-95 of the Annual Report 2021). a) What are the factors that triggered the impairment losses? b) What is the prospect of reversing the amount?
25.05.22 (Wed) 10.00 am	Dutch Lady Milk Industries Berhad (AGM)	Due to global supply chain challenges and strong demand for milk as an essential product, prices of global dairy raw materials are affected and are at an all-time high. (page 38 of Annual Report (AR) 2021) a) With DLMI's focus to nourish Malaysians at affordable prices and the global dairy raw material prices are expected to be on uptrend into 2023, is the Group able to pass on the higher input costs to customers and/or consumers? How much pricing power does the Group have for its brand portfolio? b) Given the intense competition and price wars among the consumer dairy players, how does DLMI balance between preserving gross margins and passing on cost increases to its customers while maintaining its products affordable to consumers? c) What percentage of raw material purchases are denominated in foreign currencies other than in Ringgit Malaysia? What is the current hedging policy of the Group?

25.05.22 (Wed) 10.00 am	Hengyuan Refining Company Berhad (AGM)	The Group recorded other operating losses of RM552 million in FY 2021 as compared to other operating gains of RM308 million in FY2020. (Page of 88 of AR) a) What was the reason for the other operating losses of RM552 million in FY 2021? b) What are the major components of other operating losses in FY 2021? c) What measures has the Group taken to mitigate the great fluctuation in the other operating losses in the future?
25.05.22 (Wed) 10.00 am	Puncak Niaga Holdings Berhad (AGM)	In FY2021, the Group reported a loss after tax (LAT) of RM11.185 million compared to a profit after tax of RM3.097 million in FY2020. This was mainly due to higher finance costs, which increased from RM48,090,000 in FY2020 to RM79,357,000 in FY2021 (Page 19 & Page 111 of the Annual Report 2021). If the abovementioned cost continues to remain at the same level, does it mean that Puncak Niaga will continue to report LAT in FY2022? What is the outlook for the Group's financial performance in FY2022?
25.05.22 (Wed) 10.00 am	Affin Bank Berhad (AGM)	On 28 January 2022, Affin Bank proposed to divest the 63% stake it owned in AHAM for RM1.417 billion. Upon the divestment, Affin Bank is set to lose a major income contributor. AHAM contributed 14.8% (or RM78.1 million) of net profit to Affin Bank in FY2021 (page 9 of Circular to Shareholders dated 26 April 2022). Although Affin Bank's intention is to plough back the sale proceeds to its core banking business, the efforts to fill the void left by AHAM would take years to fill. Analysts also foresee that its ROE could be hit due to the enlarged equity base. How does the Board/management plan to assure that its bottom-line performance and return to shareholders would remain intact post-divestment? How long would it take the Board/management to groom its core banking businesses to fill the earnings vacuum left by AHAM?
25.05.22 (Wed) 10.00 am	Mega First Corporation Berhad (AGM)	"The acquisition of Stenta came one year into our ambitious 5-year expansion plans for the Packaging Division that kicked off in 2020. The first step taken was to increase our existing production capacities of paper bags and flexible packaging and this capacity expansion is on track to be completed in 2022. We expect that these added capacities will be fully taken up in 2023. In addition to these increased capacities, we are now in the midst of planning for a new mega factory to be built on a 10.4-acre site in Melaka that was acquired during the financial year. We expect completion of this factory to be in the first half of 2023" (page 15 of FY2021 annual report).

		a) What were the manufacturing capacities/ what will be the potential capacities of biaxally oriented polypropylene film and linear low density polyethylene films under Hexachase Corporation Sdn Bhd, and flexible packaging, paper bags, labels and stockers under Stenta Films (Malaysia) Sdn Bhd i) before the above expansions; ii) after the completion of capacity expansions in 2022; and iii) after the full completion of the new factory expected in 1H2023? b) How much is the capital expenditure budgeted for i) the capacity expansion targeted to be completed in 2022; and ii) the new mega factory? c) On page 38 of the company's 4Q21 results briefing slides uploaded to the company website, the combined annual revenue potential for the packaging division could jump from approximately RM450m to RM1.2b under the 5-year expansion plan. How does the group ensure sufficient new orders could be secured to fill up the new capacities under such aggressive expansion plans?
25.05.22 (Wed) 10.30 am	Parkson Holdings Berhad (AGM)	What were the justifications for the 6.9% increase, on a pro rata basis, in the salaries and bonuses of the Chairman and Managing Director from RM2.34m in FY20 (for 12 months or RM0.195m/month) to RM3.751m in FY21 (for 18 months or RM0.2084m a month) when i) The group was adversely hit by the Covid-19 pandemic; ii) There is a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern, as highlighted by the external auditor; iii) The group had to implement cost rationalisation across the group; and iv) The Commercial Court in Indonesia has commenced bankruptcy proceedings against PT Tozy, a wholly-owned subsidiary of Parkson Retail Asia Limited, which in turn a 67.96% owned subsidiary of Parkson Holdings Bhd, which resulted in Parkson exited the Indonesia market completely after losing control of PT Tozy? The salaries and bonuses of the Chairman and Managing Director for FY21, on a pro rata basis, were also higher than the amount of RM2.418m in FY19 (for 12 months or RM0.2015m/month), before the outbreak of Covid-19 pandemic.
25.05.22 (Wed) 11.00 am	Amtel Holdings Berhad (AGM)	The automotive industry, among others, was one of the hardest hit sectors due to semiconductor chip shortage. Automotive manufacturers and parts suppliers are all having to change certain designs or look for alternatives, which undoubtedly increased the overall production costs across the entire supply chain. (page 15 of AR 2021)

		In what areas and to what extent has Amtel been affected? Has the situation improved?
25.05.22 (Wed) 11.00 am	UOA Development Bhd (AGM)	The Group has a joint venture investment in relation to potential land development projects in Vietnam with Capitaland (Vietnam) Holdings Pte Ltd ("Capitaland"). The joint venture has not materialised. (Page 133 of AR) a) What was the reason the joint venture did not materalise? b) When will the Group expect the return of the USD31,500,000 (approximately RM131,031,041) from Capitaland? c) Is the Company still keen to invest in Vietnam? What are the reasons for investing in Vietnam? d) Why did the Company not consider investing in Australia as it has an in-depth knowledge of the country?
25.05.22 (Wed) 11.30 am	Subur Tiasa Holdings Berhad (AGM)	<u>Material Uncertainty Related to Going Concern</u> The external auditors draw attention to Note 5 in the financial statements, which indicates that as at 31 December 2021, the Group's current liabilities exceeded its current assets by RM393.8 million (2020: RM458.3 million). This condition gives rise to concerns about whether the Group has sufficient cash flows to meet its obligations for the next 12 months from the end of the reporting period, and whether the use of going concern basis in the preparation of the financial statements is appropriate. This was in spite of the net profit of RM73.0 million (2020: net loss of RM25.6 million) and net operating cash inflows of RM172.5 million (2020: RM46.8 million) recorded by the Group for the financial period (Page 47 of the Annual Report 2021). a) How does the Board plan to address the abovementioned issues highlighted by the external auditors? b) On the issue of current liabilities exceeding current assets, is the Company able to meet its short-term obligations in FY2022?
25.05.22 (Wed) 11.45 am	Amtel Holdings Berhad (EGM)	<u>Proposed Establishment of a Long-Term Incentive Plan Which Comprises Proposed Employees' Shares Option Scheme (ESOS) ("Proposed LTIP") & Proposed Allocation of LTIP Awards to the directors of AHB</u> In line with better corporate governance, MSWG does not encourage the practice of giving ESOS options to non-executive directors (NEDs) as they play the independent check and balance role (and not an executive role) in the Company and are responsible for monitoring the ESOS options allocation to employees and executive directors. Furthermore, ESOS, by definition, refers to a scheme for employees only.

		There is also the risk that the NEDs may be fixated with the share price of the Company and this may affect their impartial decision-making, which should be made without reference to share price considerations. Under the Proposed allocation of LTIP Awards to the directors of AHB, there are three NEDs namely YTM. Tunku Dato' Seri Kamel Bin Tunku Rijaludin, Mr. Siow Hock Lee, and Mr. Ir. Chew Yook Boo, who are eligible to subscribe for new AHB Shares (Ordinary Resolutions 2,5 and 7, Notice of EGM). a) Why is the ESOS extended to the three NEDs since they do not perform executive roles? Should not the directors' fee and other benefits they receive be adequate to compensate the services rendered by them? b) Considering the non-executive role of these directors in AHB, what is their view on the ESOS scheme? Are they keen to accept the shares if the ESOS options are offered to them?
25.05.22 (Wed) 03.30 pm	Bumi Armada Berhad (AGM)	A subsidiary of the Group in Russia is involved in the design, procurement construction, and installation of a 16-inch subsea multiphase pipeline at the V. Grayfer field located in the Caspian Sea, Russia. The offshore construction work is expected to be completed in 2022. (Page 56 of AR) a) Will there be a delay in the completion of the offshore construction work due to the Russian-Ukrainian conflict? b) Does the Group expect a delay in the payment of work performed? c) What currency will be used to pay for the work performed as Russia has difficulty in paying US dollars?
26.05.22 (Thur) 09.30 am	Axiata Group Berhad (AGM)	2021 has been an exciting year for Axiata, as it 'graduated' its digital businesses and set them off on their path to profitability with the ambition of unicorn status by 2024. It consolidated all its fintech offerings under the Boost umbrella to evolve into a full spectrum regional fintech business (Page 21 of IAR 2021). Axiata is focussing on building two unicorns. Which are the two? What is their status now and when are they expected to be profitable?
26.05.22 (Thur) 10.00 am	Master-Pack Group Berhad (AGM)	Master-Pack recorded an 8.5% growth in revenue to RM153.98 million in FY2021, compared to RM141.87 million in the year before. The higher contribution was from customers resuming full operations and placing higher orders in all locations with some adjustment to the selling price. a) What would be the catalyst for better top-line and bottom-line performance this year? Will the revenue be driven by cost-push or demand-pull factor?

		b) At the same time, the average cost of raw material increased by 26% compared to the average for FY2020. With that, it has moved to diversify to other range of packaging, resulting in improved gross profit. What were the better margin new products that it had diversified into? Does the Group see similar cost pressure in FY2022 in view of global inflation pressures? To what extent can the Company pass on the cost to customers?
26.05.22 (Thur) 10.00 am	UMW Holdings Berhad (AGM)	Automotive segment: a) The extension of the vehicle sales tax holiday, first to the end of the year and then extended to June 2022, has also contributed to improve the Automotive segment's earnings. (page 19 of IAR2021) Given that the sales tax holiday is coming to an end, what are the odds of the Group experiencing a sudden vehicle sales contraction? b) The Group remains optimistic about Perodua's prospects going into 2022 given its strong order book of over 70,000 vehicles as of end 2021. (page 53 of IAR2021) To-date, has the order book of over 70,000 vehicles been delivered? How many remain outstanding? c) To-date, what is the Group's backlog orders for its Automotive segment?
26.05.22 (Thur) 10.00 am	Hap Seng Consolidated Berhad (AGM)	As part of the expansion of the property division's investment portfolio, Hap Seng has embarked on hotel development in the Klang Valley and Kota Kinabalu. In Kuala Lumpur, two hotel projects, namely Hyatt Regency Kuala Lumpur and Hyatt Centric Kuala Lumpur are in the pipeline. According to the Kuala Lumpur Hotel Market Outlook & Prospects 2022 report dated March 2022 by CBRE, for the period of 2015 to 2021, the occupancy rate, average daily rate and revenue per available room for hotels in Kuala Lumpur peaked in 2017 and started to decline in 2018 and 2019, even before the outbreak of Covid-19 pandemic. Furthermore, the upcoming openings of key hotels in Kuala Lumpur are expected to add 2,623 units of hotel room to the market this year and another 1,260 hotel rooms between 2023 and 2025. Besides the keen competition within the hotel industry in Kuala Lumpur, there are also a variety of lodging options available via online marketplace for lodging. a) Given the industry landscape mentioned above, what are the reasons for the group to venture into hospitality business in Kuala Lumpur? b) What is the budgeted development cost for each of the two hotels above?

26.05.22 (Thur) 11.00 am	Kerjaya Prospek Group Berhad (AGM)	In FYE2021, there is an allowance for impairment losses on trade receivables amounting to RM7,941,762 (FYE2020: Reversal of RM2,524,460) (Page 141 of the Annual Report 2021). a) To which trade receivables do the impairment losses relate to? b) Is the amount recoverable? If so, what is the expected recoverability in FYE2022? c) Have any of these trade receivables been recovered to-date?
26.05.22 (Thur) 11.00 am	Wang-Zheng Berhad (AGM)	1. The Company's major contributor to revenue is from processed paper products. In FYE 2021, the processed paper products segment contributed 66.9% or RM150.6 million of total revenue. (Page 20 of AR 2021) a) One of the major users of the Company's processed paper products is the print media. However, the print media is slowing down as consumers' rely on online news sources. What is the Company's plan to mitigate the slowdown in demand from the print media? b) Is the Company looking at alternative uses for its processed paper segment products as demand from the print media wanes, and if yes, what are these alternative uses? 2. The Company deals with paper as a major raw material which has a lot of environmental repercussions. How does the Company ensure that it sources paper from sustainable forests especially since there is currently great emphasis on ESG matters.
26.05.22 (Thur) 11.00 am	Kenanga Investment Bank Berhad (AGM)	In FY2021, KIBB's net impaired loans, advances and financing (LAF) ratio almost doubled to 3.31% from 1.79% (page 199 of Annual Report 2021). a) What were the major reasons for the increase in net impaired LAF ratio? b) Is the current net impaired LAF ratio within a comfortable and manageable range? c) What is the optimal ratio range? d) During the year, the Bank also provided higher allowance for expected credit losses (ECL) of RM14.45 million (FY2020: RM7.92 million). About 95% (RM13.79 million) of the allowance for ECL was related to share margin financing.

		Does the Bank see future deterioration in the credit quality of share margin financing which constitutes 65.3% of the Bank's gross LAF?
26.05.22 (Thur) 12.00 pm	Muar Ban Lee Group Berhad (AGM)	Referring to MBL's announcement dated 21 January 2022, the Company had entered into a conditional share sale agreement (SSA) on 1 April 2021 it (via wholly-owned subsidiary MBL Plantation Sdn Bhd, MBLPSB) with Doa Huat Holdings Sdn Bhd (DHHSB) on the disposal of its entire equity interest in Sokor Gemilang Ladang Sdn Bhd (SGLSB) for RM25 million. SGLSB is a wholly-owned subsidiary of MBLPSB. The highest percentage ratio applicable for the transaction pursuant to Paragraph 10.02(g) of the Listing Requirements (LRs) was approximately 16.05% based on MBL's audited financial statements for FY2020. In explaining the approximate 10-month delay in announcing the transaction, MBL said this "was due to a misinterpretation of the Listing Requirements where the Company was under the impression that the announcement was only to be made after the relevant regulatory approval had been obtained". In this case, this refers to the consent from the state authority for the transfer of 100% equity interest in SGLSB from MLPSB to DHHSB. How could there be "a misinterpretation of the Listing Requirements" when Paragraph 10.06 of the LR clearly states that "where any one of the percentage ratios of a transaction is 5%, or more, the listed issuer must announce the transaction to the Exchange as soon as possible after terms of the transaction have been agreed"? The explanation of the delay in announcing the transaction is unconvincing.
26.05.22 (Thur) 12.00 pm	Axiata Group Berhad (EGM)	<u>Investment and synergy realisation risk</u> There can be no assurance that the anticipated benefits of the Proposals, including the various expected synergistic benefits will be realised or that the Group will be able to generate sufficient returns from this investment to offset the cost of this investment (Page 17 the Circular). a) As an experienced telecommunications operator with existing operations in Indonesia and other parts of Asia, how does Axiata plan to address the investment and synergy realisation risk? b) In terms of timing, when does Axiata anticipate any expected synergistic benefits to be realised? c) What is Axiata's targeted financial return from this investment?
26.05.22 (Thur) 03.00 pm	GHL Systems Berhad (AGM)	Shared Services segment revenue declined by 3.6% year-on-year to RM116.7 million (2020: RM121.1 million), due to lower EDC terminals sales and deployment as the result of movement control restrictions and cautious capital expenditure spending by the banking sector in light of the

		uncertainty of COVID-19 in 2021. The Shared Services segment was also impacted by lower rental and maintenance revenue due to terminal retrievals by banks from its merchants that were affected by the lockdowns. (page 14 of AR2021) a) With the relaxation of COVID-19 restrictions and the re-opening of international boarders, to-date, to what extent has there been a pick-up in EDC terminals sales and deployment? b) The on-going Russia-Ukraine war has affected many global economies which has led to an increasingly challenging business environment, as such, does the Group expect a growing trend of terminal retrievals by banks from its merchants, going forward? c) What is the outlook for the Group's Shared Services segment for year 2022/2023?
27.05.22 (Fri) 09.30 am	Media Prima Berhad (AGM)	1. Included in operating costs for 2021 is an aggregate impairment of non-current assets of RM15.5 million attributed to the impairments of property, plant and equipment, intangible assets and investment in an associate (Page 28 of AR 2021). What are the respective amounts of impairment for each of the categories of assets? Why were the assets impaired and what is the likelihood of writing back the impairment in the near term? 2. Under Trade and Other Receivables, there is a loss allowance on deposits amounting to RM4.0 million (Page 192 of AR 2021). What specifically are the deposits and why is there a loss allowance provided for? What is the likelihood of recovering the deposits in the near term?
27.05.22 (Fri) 10.00 am	Sinaran Advance Group Berhad (AGM)	The Company has been been in a loss making position for the past 5 financial years. For FYE 2021 its loss after tax widened to RM5.6 million from RM3.6 million in FYE 2020. (Page 5 of AR 2021) a) What are the Company's plans to lift the Company out of its loss making position in FYE 2022? b) What was the financial impact to the Company due to the severe and prolonged lockdown in China which affected its distributorships?
27.05.22 (Fri) 10.00 am	Formosa Prosonic Industries Berhad (AGM)	The Company's recorded strong performance in FYE 2021 when Profit After Tax rose by a whopping 84.3% to RM96.8 million from RM52.5 million in FYE 2020. This was achieved amid the pandemic which had disrupted component supply chains globally. a) What are the Company's plans to enhance its performance in FYE 2022?

		b) Global freight and air cargo rates were at record highs in FYE 2021. What are the Company's plans to handle the rising cost and can the increased cost be passed on to the customers or does the Company have to absorb the increase in cost?
27.05.22 (Fri) 10.00 am	Cahya Mata Sarawak Berhad (AGM)	Continuing Operations The Group recorded a turnaround bottom-line result from its continuing operations with a profit after tax of RM204,748,000 in FY2021 compared to a loss after tax of RM17,250,000 in FY2020 (Page 103 of the Annual Report 2021). a) Is the good performance sustainable? b) What is the outlook for all CMS' business Divisions in FY2022?
27.05.22 (Fri) 10.00 am	SWS Capital Berhad (AGM)	The Company sources timber from forests and with the current sentiment on sustainability and the environment, how does it ensure that it gets its timber from sustainable forests? Many investors will shun companies which do not have sustainable procurement practices.

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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.