



MINORITY SHAREHOLDERS WATCH GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

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The Observer

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❖ GLICs to embed Principles on Good Governance to enhance transparency

It is commendable that the Finance Ministry has stepped up a gear by mooted the Principles on Good Governance (PGG) which is to be applied on government-linked investment companies (GLICs).

PGG serves as the sole reference to governance baseline and sustainability practices for all GLICs to enable the latter better prepare themselves for the adoption of environmental, social and governance (ESG) elements in their investment strategies.

The PGG was supported by three key principles consisting of ((i) leadership and effectiveness of the board of directors; (ii) strengthening the board of directors' composition; and (ii) encouraging accountability and transparency in investment management.

It was prepared after taking into consideration standards, practices and discussions relating to public and corporate governance locally and abroad, including the Malaysian Code on Corporate Governance (MCCG) which was updated by the Securities Commission (SC) in 2021.

Its aim is to promote accountability and transparency across entities including the GLICs with their stakeholders which encompass the Government, the suppliers in the ecosystem and the public.

Malaysia's GLICs consist of six organisations, namely the Employees Provident Fund (EPF), Permodalan Nasional Bhd (PNB), Retirement Fund (Incorporated) (KWAP), Khazanah Nasional Bhd, pilgrimage fund Lembaga Tabung Haji (Pilgrims Fund Board) and Lembaga Tabung Angkatan Tentera (Armed Forces Fund Board).

The six GLICs have a total asset under management of RM1.7 trillion, thus making the GLICs one of the main pillars of Malaysia's socio-economic development.

In fact, if the PGG method can work, it can be extended to government-linked companies (GLCs) which account for 42% of the total market capitalisation of Bursa Malaysia. Meanwhile, GLICs own 25.9% of the total market capitalisation of the local bourse, representing RM440.4 billion in assets under management. (StarBiz, "Greater GLC participation in nation-building", 30 October 2021).

As such, what GLICs, and to a lesser extent, the GLCs, do or not do has a tremendous impact on the market and the residual impact is felt by minority shareholders.

Strengthen foundation

According to Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz, the PGG was part of the GLIC/GLCs transformation programme spearheaded by the treasury in the past 18 months which includes the Government's earlier Perkukuh Pelaburan Rakyat (PERKUKUH) initiative launched in August 2021. We had written about this initiative and commented that it was a timely and worthwhile initiative to propel the capital market and business ecosystems to a higher level.

Such initiative is intended to contribute to optimising the Government's fiscal resources, improving management, hitting targets, spurring new growth through strategic sectors and invigorating investments in the sustainable industry.

Another pressing need following the impact of COVID-19 is the restructuring of the social security system. The Government has also started relevant projects such as setting up an integrated ecosystem to explore digital-based industries, Fourth Industrial Revolution (IR 4.0) and 5G (fifth generation mobile network).

Tengku Zafrul has touched on all the key points if we pause and reflect on his statement – directors should lead by example with obligations of accuracy, transparency and loyalty and that the appointment and qualification of a director should be given significant emphasis.

Directors set the tone at the top and determine the board culture which emanates downwards as the corporate culture. Get the board right and all else falls into place properly.

ESG to the fore

Aside from ensuring all GLICs can provide good stewardship, the PGG also recommends the establishment of a governance structure for the oversight of ESG elements in their future investment strategies.

Against the backdrop of ESG issues such as flash floods, natural disasters, environmental pollution as well as issues closely related to the social aspects such as poor treatment of foreign workers getting more frequent, GLICs should be prepared to face the increasing market demand for ESG practices.

This is vital given that various global data have shown that companies focusing on ESG issues have managed to reduce costs, increase employee productivity, reduce various business risks as well as create more jobs and business opportunities.

❖ Reforms and central coordination necessary to stem corruption in GLCs

Following the latest issues and allegations impacting some government-linked companies (GLCs), there is a louder call from the public on the Government to institute reforms on how GLC's are run to ensure transparency and accountability.

Among all, non-governmental organisation (NGO) Rasuah Busters had urged the government to step up their efforts in reforming GLCs in ensuring they are transparent and accountable to taxpayers.

“The core idea is when a GLC embarks on a project, its original purpose is to generate growth through strategic sectors. The revenue generated from this was supposed to be used to provide greater socio-economic relief to the people,” said Rasuah Busters CEO Nurhayati Nordin.

GLCs have the unenviable challenge of balancing the need ‘to provide greater socio economic relief to the people’ with their obligations to the shareholders of the GLCs who have parted with their money to invest in the GLC.

MSWG has always maintained that some of the GLCs need to regain their lustre as they have traditionally been the ‘go to’ investment for minority shareholders solely and especially because they are government-linked.

Devanesan Evanson
Chief Executive Officer

MSWG AGM/EGM Weekly Watch 25 – 29 April 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.

Date & Time	Company	Quick-take
25.04.22 (Mon) 10.00 am	Petronas Dagangan Bhd (AGM)	Petronas Dagangan achieved a 20% increase in revenue to RM22,505.3 million in FY2021, due to higher average selling prices, despite a 2% decline in total sales volume. Its pre-tax profit for the year rose by 92% to RM740.8 million, driven by the higher oil prices. At the same time, it maintains continued discipline in OPEX which were reduced by 3%.
25.04.22 (Mon) 02.00 pm	Westports Holdings Berhad (AGM)	Despite a marginally lower container throughput (-1%) at 10.4 million TEUs in 2021, Westports’ operational revenue improved to RM1.98 billion due to enhanced contribution from the added container storage and reefer capacity. Over the last two years, Westports had increased its

		container storage by 12% to 52,455 ground slots and reefer plugs by 58% to 4,132.
26.04.22 (Tue) 10.00 am	MYNews Holdings Berhad (AGM)	Mynews's pre-tax loss for FY2021 widened by 279% y-o-y to RM53.43 million as compared with a loss of RM14.10 million in FY2020, The poorer performance was due to lower revenue (-19.4% y-o-y) arising from longer period of lockdown induced business disruptions and slower reduction of selling and distribution expenses (-2.7% y-o-y) against the drop in revenue. It also recorded higher administration and other expenses, as well as higher finance costs (+22.7%).
26.04.22 (Tue) 10.00 am	United Plantations Berhad (AGM)	<p>The Group's revenue increased y-o-y by 52% to RM2.03 billion (FY2020: RM1.34 billion) due to higher CPO and palm kernel production and sales prices.</p> <p>After paying a higher windfall tax amounting to RM54.9 million (2020: RM8.2 million), it still posted a record high PAT of RM522 million (2020: RM402 million), representing an increase of 30% as compared to previous year.</p> <p>The Group will also be paying a 35.29% higher total net dividend per share (DPS) of 115 sen for FY2021 (including proposed final dividend) as compared with the DPS of 85 sen in FY2020.</p>
27.04.22 (Wed) 09.30 am	Dynaciate Group Berhad (AGM)	The construction segment saw a significant drop in revenue to RM15.12 million which resulted in a LBT of RM3.95 million as opposed to revenue of RM53.49 million and LBT of RM13.71 million reported for FYE 2020. The significant 72% slide in revenue was mainly due to low order book and slow work progress affected by prolonged lockdowns enforced during the year under review.

27.04.22 (Wed) 09.30 am	British American Tobacco (M) Berhad (AGM)	As the tobacco industry is a heavily regulated industry any proposed changes in legislation would have a major impact on the Company. The Company's business could be adversely affected as the Government is mulling to introduce a law to stop the sales of tobacco products to those who were born after 2005.
27.04.22 (Wed) 10.00 am	SP Setia Berhad (AGM)	<p>Despite the challenges posed by the prolonged pandemic restrictions, S P Setia's sales hit RM4.26 billion - the highest in the Malaysian property industry for 2021, and substantially surpassing the target of RM3.8 billion for the year.</p> <p>The group's PBT also bounced back to pre-COVID level at RM542 million, which represented an increase of 76% from RM308 million, excluding impairments, in FY2020.</p>
27.04.22 (Wed) 10.00 am	Petronas Gas Berhad (AGM)	Petronas Gas generated revenue totalling RM5.65 billion, some 1% higher than the RM5.59 billion reported in 2020. The revenue performance was mainly due to higher revenues from Utilities and Regasification segments. The Utilities business recorded higher sales of steam to new customers, while the Regasification segment secured new revenue streams from LNG reloading activities at Regasification Terminal Sungai Udang and LNG truck loading activities at Regasification Terminal Pengerang respectively.
27.04.22 (Wed) 10.00 am	MISC Berhad (AGM)	MISC's revenue rose 13.5% to RM10,671.7 million compared to RM9,401.2 million in FY2020. PBT stood at RM1,774.6 million in FY2021, against RM1,771.8 million in FY2020, due to the one-off impact of the unfavourable decision in relation to the Gumusut-Kakap Semi-Floating Production System (L) Limited

		arbitration proceedings the previous year been excluded.
27.04.22 (Wed) 10.00 am	Lotte Chemical Titan Holding Berhad (AGM)	<p>After a record year of a net profit of RM1.04 billion in FY2021, LCT would face headwinds like rising crude oil prices and substantial new production capacities come onstream in 2022.</p> <p>Analysts expect LCT experiencing lower product margin spread due to elevated naphtha price.</p>
27.04.22 (Wed) 10.00 am	RHB Bank Berhad (AGM)	<p>Eyes are on RHB's new chieftain Mohd Rashid Mohamad as he took over the helm from Datuk Khairussaleh Ramli, who left the bank on 25 March.</p> <p>With RHB Bank's FIT22 five-year strategic road map coming to an end this year, all eyes are on Mohd Rashid to see what he comes out with for the group's next five-year plan.</p>
27.04.22 (Wed) 11.00 am	Ajiya Berhad (AGM)	<p>Ajiya's net profit jumped by close to 48 times to RM19.3 million in FY2021 compared to RM0.397 million in previous financial year thanks to improved business strategy and business direction. In addition, the streamlined internal operations and innovative cost-optimisation measures have also helped the Group reduce its operating expenses and improve margin.</p>
27.04.22 (Wed) 11.30 am	RHB Bank Berhad (EGM)	<p>RHB will seek greenlight from shareholders to establish a share grant scheme of RHB Bank Berhad and its subsidiaries of up to 2% of its total number of issued shares.</p> <p>It also proposed allocation to Mohd Rashid Mohamad, the Group Managing Director and Group CEO of RHB Banking Group.</p>
28.04.22 (Thur) 10.00 am	Malakoff Corporation Berhad (AGM)	<p>Malakoff's revenue was slightly higher by 3.0% but PATMI was 9.1% lower primarily due to a</p>

		write-off of Segari Energy Ventures' deferred expense and lower contribution from Tanjung Bin Energy, impacted by lower capacity payment and impairment of assets caused by plant outage.
28.04.22 (Thur) 10.00 am	Nestle (Malaysia) Berhad (AGM)	Nestlé recorded sales of RM5.7 billion in FY2021, represented a 5.9% increase from FY2020. Overall, the solid sales growth and disciplined cost management had enabled it to record a recovery in net profit to RM569.8 million.
28.04.22 (Thur) 10.00 am	Digistar Corporation Berhad (EGM)	The EGM is to seek shareholders' approval for the proposed consolidation of every 3 existing ordinary shares in Digistar into 1 Digistar Share and the proposed reduction of the issued share capital of Digistar pursuant to Section 116 of the Companies Act 2016.
28.04.22 (Thur) 10.00 am	Bintulu Port Holdings Berhad (AGM)	Notwithstanding a 0.93% and 0.84% decline in annual throughput volume and vessel calls to 47.17 million tonnes and 6,735 calls respectively in FY2021, Bintulu Ports' operating revenue increased 2.98% to RM728.39 million in 2021, thanks to the effective implementation of Business Response Plan.
28.04.22 (Thur) 11.00 am	Country View Berhad (AGM)	The financial performance of Country View is mainly driven by the property development business. In FY2021, its revenue and PBT decreased by 24% and 50% y-o-y respectively due to a lower number of properties that were sold
28.04.22 (Thur) 03.00 pm	Maxis Berhad (AGM)	Maxis's Service revenue grew by 1.9% to RM7,980 million, on the back of a resilient core business and growth in Fibre broadband business. However, its net profit dipped 5.4% to RM1,308 million, mainly attributed to the

		<p>continued heavy investments to strengthen the Maxis network, enterprise solutions and fibre coverage, as well as prudent adoption of reduced spectrum life, which resulted in high depreciation and amortisation costs.</p> <p>Maxis is shifting the focus from average revenue per user (ARPU) to average revenue per account (ARPA), a paradigm shift that is driven by solutions as well as connectivity.</p>
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One of the points of interest to be raised:

Company	Points/Issues to Be Raised
Petronas Dagangan Bhd (AGM)	<p>PETDAG's retail segment reported annual revenue of RM15,369.8m, RM11,178.3m and RM12,612.6m for FY19, FY20 and FY21 respectively.</p> <p>a) Of the segmental revenue above, how much was the revenue contribution from the sale of fuels in the retail segment for FY19, FY20, FY21?</p> <p>b) It is a global trend that the automotive industry is shifting from internal combustion engine vehicles to electric vehicles (EV). The efficiency of internal combustion engines has been improving over the years. These in turn progressively dampen the demand for fossil fuels at petrol stations. As the sale of fuel currently contributes significantly to the group's top and bottom lines, what are the mitigation measures taken/ to be implemented by PETDAG to address the potential earnings gap in the long run?</p>
Westports Holdings Berhad (AGM)	<p>Westports is working towards finalising details of the concession agreement with the Government of Malaysia to expand Westports container terminal CT10 to CT17.</p> <p>a) When is the negotiation with the Government on the concession terms expected to be concluded?</p> <p>b) Of the eight new container terminals (CT10 to CT17), how many new container terminals are targeted to be built in the first phase of the expansion? and how long is the estimated construction period?</p> <p>c) To what extent will the construction of new terminals adjacent to the existing terminals disrupt the</p>

	operation and the utilisation rate of the existing container terminals?
MYNews Holdings Berhad (AGM)	<p>Retail convenience and manufacturing of bakery products and ready-to-eat meals are the core businesses of the group. On the list of "Materials properties, plant, machinery and equipment" (page 94 and 95 of IPO Prospectus dated 4 March 2016) and on the list of properties (page 147 and 148 of FY21 annual report), the group held shop office, office lots, office suite which were either tenanted or vacant.</p> <p>a) As Mynews is not in the business of property investment, what were the rationales for the purchases of these properties?</p> <p>b) If the above properties are meant for investment, with the cost structure of a listed company, is it feasible to hold some of these properties which carry market values of as low as RM270k (revalued on 4 October 2021)?</p> <p>c) Mynews Holdings Berhad had been expanding its outlets rapidly until the emergence of Covid-19 pandemic. Furthermore, CU Malaysia has set an ambitious target of 500 store openings in 5 years' time. Would it not be more prudent for the company to allocate/ relocate the capital deployed for these properties for outlet expansions?</p>
United Plantations Berhad (AGM)	<p>Like many other plantation companies, United Plantations faced its worst ever labour shortages during 2020 and 2021, which till today continues to create enormous operational challenges. (page 14 of AR2021)</p> <p>To what extent has the Group's labour shortage issue improved or normalised?</p>
Dynaciate Group Berhad (AGM)	<p>The Group returned to the black by posting a profit before taxation ("PBT") of RM14.20 million, a marked improvement from a loss before taxation ("LBT") of RM18.15 million in FYE2020 arising from the recognition of the fair value gain of RM18.97 million from investment property located in the state of Penang (Page 9 of the Annual Report 2021).</p> <p>Without the fair value gain of RM18.97 million, DGB would have incurred an LBT of RM4.77 million in FYE2021 (Page 50 of the Annual Report 2021). Will DGB be able to record a PBT without the significant contribution from a non-core earning, moving forward?</p>

British American Tobacco (Malaysia) Berhad (AGM)	The Company's volume of sales registered a growth for the first time since 2002 in FYE 2021. This was aided by a 6.1% decline in the illicit cigarette market in FYE 2021. Given that the illicit market is still big at around 57%, what are the additional steps that the Government can take through its enforcement agencies to reduce the impact of the illicit cigarettes market going forward? (Page 24 of AR 2021)
SP Setia Berhad (AGM)	<p>A strategic plot of 5.1-acre land has been identified in Setia Eco Templer as the site for S P Setia's maiden integrated senior and assisted living facility. The new facility is targeted to provide an alternative community-based living to a new retirement generation. (Page 72 of IR)</p> <p>a) What is the market demand for this senior and assisted living facility?</p> <p>b) As this is a new business venture, how can the Company ensure that this senior and assisted living facility will gain popularity?</p> <p>c) When does the Company expect to launch this property project?</p> <p>d) Please name the potential SP Setia townships in which the Company will launch the senior and assisted living facility.</p>
Petronas Gas Berhad (AGM)	As shared in the company FY21 annual report, the regional gas supply and demand market is expected to remain robust as gas is playing a major role as a transitional fuel in the energy mix. As such, gas demand from the power industry is expected to improve upon retirement of coal-fired power plants. Moreover, there could be additional gas demand from non-power sectors coming from new industrial hubs in the future. What are the group's medium-term plans to capitalise on the growing demand for natural gas?
MISC Berhad (AGM)	<p>The trade receivables (excluding amount due from customers on contracts and finance lease receivables) past due more than 90 days have surged from RM838.7m as at end-FY19 and RM1,139.8m as at end-FY20 to RM2,063.7m as at end of FY21.</p> <p>a) What were the reasons for the jump in the total amount of trade receivables past due more than 90 days?</p> <p>b) Which segment of MISC carried the highest amount of the RM2,063.7m trade receivables past due more than 90 days as at end-2021?</p>

	<p>c) What is the likelihood of the amount of RM2,063.7m being recovered?</p> <p>d) What are the measures taken by the group to recover the above overdue receivables?</p>
Lotte Chemical Titan Holding Berhad (AGM)	<p>LCT's financial performance was driven by higher key products margin spread on the back of higher average product selling prices (ASPs) due to improved market demand, and supply disruption globally.</p> <p>Are the elevated ASPs expected to sustain in FY2022 based on the current supply and demand dynamics? What are the driving factors for higher ASPs of olefins and polyolefins in FY2022?</p> <p>Will the higher products margin spread be eroded by potential increase in costs and elevated naphtha prices moving forward?</p>
RHB Bank Berhad (AGM)	<p>Despite higher total income of RM905.1 million in FY2021 (FY2020: RM839.3 million), RHB's Group Corporate Banking (GCB) business (under the Group Wholesale Banking segment) saw a 79.4% decline in pre-tax profit to RM103.2 million due to higher allowances for credit losses (page 76 of IR2021).</p> <p>What is the GIL ratio for GCB business? To which industries and countries do these provisions relate to? How does the asset quality of RHB's corporate clients look like in FY2022?</p>
Ajiya Berhad (AGM)	<p>Ajiya's key strategies for the Safety Glass division are not limited to enhancing operational efficiency and improving margins but continually strengthening its internal research and development capacity to provide high-quality and innovative products to the market (Page 30 of the Annual Report 2021).</p> <p>What is the latest update on the abovementioned initiative to provide high-quality and innovative products to the market?</p>
Malakoff Corporation Berhad (AGM)	<p>Under Malakoff 2.0 Strategic Transformation, the group aims to increase its thermal power generation to 10,000MW by 2031. Currently, the group has a total effective capacity of 6,410MW with some of the power purchase agreements expiring before 2031.</p> <p>a) Given Malakoff's road map towards reducing GHG emission intensity by 30% by 2031, what is the likelihood of the Power Purchase Agreements for Tanjung Bin Power Plant and Tanjung Bin Energy</p>

	<p>Power Plant being extended after its expiry in 2031 and 2041 respectively?</p> <p>b) Besides the domestic market, where are the geographical regions to which Malakoff intends to expand its thermal power generation capacity under Malakoff 2.0 Strategic Transformation?</p> <p>c) What is the total capacity of thermal power generation that Malakoff is currently bidding for?</p>
Nestle (Malaysia) Berhad (AGM)	<p>Nestlé continued to invest in the future with a capital expenditure of RM275 million in 2021. This investment was primarily utilised to scale up production capacity in several of its manufacturing facilities as well as to enter into new categories such as Plant-Based Meals (Page 13 of Annual Review 2021).</p> <p>a) What is the expected percentage increase in production capacity and when is the increased capacity targeted to be fully operational?</p> <p>b) What percentage of production capacity is set aside for Plant-Based Meals?</p>
Bintulu Port Holdings Berhad (AGM)	<p>While the cargo throughput of 47.17m MT recorded in FY21 was the lowest for the group in the past five years, the container throughput bucked the trend by achieving 356,424 TEUs in FY21, the highest in the most recent five years despite the industry was facing shortage of shipping containers in FY21.</p> <p>a) What were the key reasons behind the disparity between the contraction in cargo throughput and the expansion in containers handled mentioned above?</p> <p>b) What are the Board's expectations of the group's cargo throughput and container throughput for FY22?</p>
Country View Berhad (AGM)	<p>The Group sold RM36.4 million of completed properties in FY 2021 as compared to RM59.8 million in FY 2020.</p> <p>The cost of sales of completed properties in FY 2021 was RM27.33 million - much higher than RM17.1 million in FY 2020. (Page 106 of AR).</p> <p>The gross profit of completed properties in FY 2021 was 24.9% as compared to 71.4 % in FY 2020.</p>

	<p>a) Please explain the lower gross profit margin of completed properties sold in FY 2021 as compared to FY 2020.</p> <p>b) What were the strategies adopted to reduce the units of completed properties held for sale?</p>
Maxis Berhad (AGM)	<p>Maxis is expanded its range of solutions and technical capabilities in cloud and network security through some key acquisitions during the year, namely Peering One Sdn. Bhd. and Mykris Asia Sdn. Bhd. (page 23 of IAR 2021)</p> <p>How have all these acquisitions including the past ones enhanced Maxis' competitiveness and translated into significantly improved revenue (please provide comparative figures, where possible)?</p>

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•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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