



# The Observer

**24.09.2021**

*The Observer weekly newsletter is now available in Bahasa Melayu. The translated version will be uploaded on every Monday. Please check out [www.mswg.org.my](http://www.mswg.org.my) for further details.*

*Besides, do follow MSWG's Twitter account at @MSWGMalaysia to share your thought on our tweets from time to time.*

## **CMP3 encourages greater investor activism and advocacy**

On 21 September, the Securities Commission (SC) unveiled the third Capital Market Masterplan (CMP3) which will serve as a strategic framework for the growth of Malaysia's capital market over 2021 - 2025.

In a gist, CMP3 takes into consideration global megatrends that will shape the recovery and growth of global and Malaysian economies as it steers the capital market towards three desired outcomes:

- Relevant to the development of the economy and its stakeholders;
- Efficient in capital mobilisation and in achieving the desired regulatory outcomes; and
- Diversified to create value for all participants.

Towards this direction, the Minority Shareholder Watch Group (MSWG) wishes to applaud CMP3 for recognising investor activism and advocacy as powerful tools that can shape the accountability landscape in the capital market.

### **Encouraging investor activism/advocacy**

Backed by greater access to information, CMP3 takes cognisance of the likelihood that investors today – and more so in the future – will be equipped with greater awareness and knowledge to hold businesses and capital market participants accountable towards the environment and the society.

In developed markets, environmental and social issues have become more prominent in shareholder meetings, especially as the world grappled with the systemic implications of the pandemic.

“Investor activism has in recent years catalysed global energy companies to align their business strategies to the goals of the Paris Agreement, and global banks to do more to cut fossil fuel financing and combat climate change.”

“Agendas related to human capital issues, including equal opportunity, workplace health and safety as well as diversity, are also gaining momentum in shareholder meetings,” said SC in CMP3.

The landscape of shareholder activism has gradually matured in the last decade, contributed in large part by the launch of the Malaysian Code for Institutional Investors (MCII) as well as the establishment of the Institutional Investors Council Malaysia (IIC) in 2014 and 2015 respectively.

“Institutional investors and the Minority Shareholders Watch Group (MSWG) have also stepped up on stewardship across a wide range of issues – from CG to compensation to workplace health and safety,” CMP3 pointed out.

“Moving forward, the IIC will be expected to enhance the MCII to strengthen the stewardship of institutional investors, particularly in relation to sustainability.”

### **Engaging millennial investors**

Elsewhere, CMP3 also highlighted a change in the way individual retail investors participate in shareholder meetings and exercise their rights. The implementation of various movement control orders (MCOs) has resulted in corporate Malaysia witnessing a shift from physical into virtual and hybrid general meetings.

In fact, a survey conducted by the SC revealed that virtual and hybrid general meetings resonated with investors across different age groups with the level of engagement during these meetings remaining positive.

Moving forward, the SC said it will continue to encourage the adoption of digital tools to promote meaningful engagements between the board, senior management and shareholders at general meetings.

In this regard, the market regulator hopes that stakeholder communications could be strengthened through digital platforms and tools, setting up better collaborations to promote effective shareholder participation while engaging youths on Corporate Governance (CG) topics and issues.

“The growth of investor activism and advocacy, in particular among retail investors, is underpinned by the promotion of transparency through disclosures and investor education,” noted CMP3.

“In this context, the SC continues to promote accurate and effective disclosures by market participants to enable investors to make informed decisions.”

Similarly, investor education will remain a key priority for the SC. Over the next few years, the SC will continue to execute initiatives under the Malaysia National Strategy for Financial Literacy alongside Bank Negara Malaysia (BNM) and other members of the Financial Education Network (FEN) to elevate financial literacy among Malaysians and promote responsible financial behaviour.

### **Principles-based regulations**

In the coming five years, the SC is committed to adopt principles-based regulations more extensively where appropriate. This entails the reviewing of regulations in a holistic manner, making provisions for principles-based regulations and replacing prescriptive rules where possible.

Principles-based regulations will require regulated entities to adopt a strategic approach to regulations. This calls for greater senior management involvement to continuously improve their practices and greater capacity for internal teams to make judgement calls when interpreting the principles.

To enable this, engagements involving the senior management team will be key to help regulated entities understand the SC's expectations and develop a shared understanding on the type and level of conduct required by the principles.

As the SC's regulatory approach shifts towards greater adoption of principles-based regulations and self-regulation, there is a need for greater transparency on the SC's expectations on intermediaries and members of the public at large across its supervision, authorisation and enforcement actions.

According to CMP3, the SC is committed to enhance transparency of the regulatory approach and conduct regular communications on regulatory expectations.

Having greater disclosures on regulatory principles, approaches, objectives, priorities and key dimensions of the decision-making frameworks will give regulated entities greater clarity on regulatory expectations. This will also provide firms with greater guidance and understanding on regulatory changes and actions.

### **Enhancing investor protection**

As the capital market moves forward with new technologies and increases in complexity, regulators globally have started focusing on the impact of such changes to investors – especially when it can exacerbate vulnerability to fraud and harm.

Senior investors in particular face greater risk of becoming victims of fraud, being misled or taken advantage of. Moving forward, CMP3 identifies the need to enhance the regulatory approach to cater to investors who are more susceptible to vulnerabilities, especially senior investors.

This becomes more important as Malaysia's population ages and more Malaysians are expected to make decisions on their retirement savings – how they invest or drawdown their savings during retirement.

Within the SC's supervisory and enforcement functions, focus will be directed towards early detection and action against misconduct relating to vulnerable investors. Actions to deter misconduct using the variety of statutory tools designed to protect investors will be considered at the onset.

Industry collaboration which is a pillar of the SC's regulatory outreach will continue to be prioritised along with developing best practices to shape behaviour among market participants.

These efforts will be underpinned by stronger advocacy in investor education programmes to boost awareness and understanding on risks and issues relating to vulnerable investors.

This includes adopting greater use of social media platforms to alert vulnerable investors on possible scams or unlicensed activities and enhancing investor outreach programmes to be more targeted towards senior and rural investors.

Moreover, the SC has also been beefing up its enforcement focus to include securities fraud, corporate misconduct, disclosure breaches as well as market manipulation.

In tandem, the Audit Oversight Board (AOB) has also stepped up enforcement actions by imposing sanctions on auditors to deter non-compliance with auditing standards and procedures in the quest to mitigate the risk of future audit failures.

These enforcement actions are in line with the SC's priorities on Corporate Governance, market conduct and investor protection – particularly against fraud and scams arising from an increasingly digital landscape.

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

---

**MSWG AGM/EGM Weekly Watch 27 September – 1 October 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](http://www.mswg.org.my).

<b>Date &amp; Time</b>	<b>Company</b>	<b>Quick-Take</b>
27.09.21 (Mon) 11.00 am	George Kent (Malaysia) Bhd (AGM)	George Kent recorded net profit of RM48.74 million in FYE2021 (a 14-month financial year) as compared to RM41.6 million in FY2020. Its balance sheet continues to be healthy, with a net cash position of RM120.70 million as at the end of the period.
28.09.21 (Tue) 10.00 am	Solid Automotive Bhd (AGM)	Revenue of Solid Automotive increased by 26% y-o-y to RM304.2 million (FY2020: RM241.38 million). Its PBT was higher at RM17.3 million as compared to LBT of RM5.43 million in FY2020. This was mainly due to inflows of accumulated orders when the Malaysia government started to ease

		COVID-19 restrictions gradually. Despite the challenging economic environment in both Malaysian and overseas market, it will continue to actively expand its product range and increase efforts to enhance its supply chain management, productivity, and cost management.
28.09.21 (Tue) 10.00 am	ES Ceramics Technology Bhd (AGM)	ES Ceramics' revenue of RM93 million in FY2021, was 163.68% higher than FY2020 (RM35 million) on the back of higher sales volume. Net profit surged 1,223.59% to RM30.19 million, as compared with RM2.28 million in FY2020. Besides, its gross profit margin rose sharply to 49% in FY2021 from 19.8% in FY2020.
28.09.21 (Tue) 10.30 am	Jasa Kita Bhd (AGM)	Jasa Kita has been incurring losses over the last five financial years since FY2017. Consequently, shareholders have also not been receiving dividends from the Company since FY2018.  For FY2021, its revenue decreased to RM20.1 million from RM31.7 million in FY2020 while net loss shrank to RM614,000 from RM3.9 million a year earlier.
28.09.21 (Tue) 11.00 am	Lay Hong Bhd (AGM)	Lay Hong saw a 10% y-o-y increase in its revenue to RM923.7 million (2020: RM839.7 million), driven by higher sales in the food manufacturing and retail businesses as people stay more often at home and the fear of food shortages during MCO.  However, its PBT recorded a marginal decline of 5.99% to RM5.2 million (2020: RM5.6 million) because of rising feed cost which represented a significant cost element to the Group. It also recorded a

		negative fair value adjustment from its revaluation of biological assets during the year.
28.09.21 (Tue) 11.00 am	Bintai Kinden Corporation Bhd (AGM)	<p>Bintai Kinden recorded LBT of RM6.92 million for FY2021 compared to pre-tax profit of RM0.11 million a year ago. This was mainly due to the impact from Covid-19 pandemic and slowdown in mechanical and electrical engineering (M&amp;E) segment.</p> <p>Despite the challenges, the Group will continue to focus on its core business in M&amp;E and endeavour to secure more opportunities and recurring projects in Malaysia. Concurrently, the Group is also looking to diversify its income stream by acquiring healthcare business.</p>
28.09.21 (Tue) 01.00 pm	Oversea Enterprise Bhd (AGM)	<p>Oversea's revenue has been on a declining trend since FY2017. It also reported consecutive losses during these years.</p> <p>For FY2021, it registered a revenue of RM23.4 million compared to RM51.8 million in FY2020. Net loss widened to RM7.7 million in FY2021 from RM5.5 million in FY2020.</p> <p>Over the past few months, it had carried out several rounds of fund-raising exercises including two private placements and one rights issue to raise fund.</p>
28.09.21 (Tue) 02.00 pm	SCGM Bhd (AGM)	<p>SCGM has seen its net profit almost doubled to RM33.6 million from RM17.28 million the year before, on the back of a 17.11% increase in revenue to RM246.05 million. The improved performance was mainly due to higher demand for its food</p>

		and beverages food packaging products. Moving forward, it expects the market demand towards its products to be sustained by consumers' cautiousness of dining out amid COVID-19 pandemic.
29.09.21 (Wed) 11.30 am	Talam Transform Bhd (AGM)	Talam's gross profit rose to RM10.27 million in FY2021 from RM5.85 million as compared to last year. However, it recorded a net loss of RM30.90 million, which is a decline of RM32.66 million from net profit of RM1.76 million in the preceding financial year. Its gearing ratio increased marginally from 0.20 times to 0.25 times in FY 2021.
29.09.21 (Wed) 01.00 pm	AT Systemization Bhd (AGM)	AT has been incurring losses for the past five financial years. Despite higher revenue recorded in FY2021, its LBT widened to RM20.61 million in FY2021 as compared to RM15.38 million in FY2020, due to the mark-to-market loss on investments in quoted shares and the fair value adjustment on share options. It is starting to see a turnaround in the 4QFY2021 as it recorded a pre-tax profit of RM1.72 million during that period.
29.09.21 (Wed) 02.00 pm	Opcom Holdings Bhd (AGM)	Opcom's revenue for FY2021 increased 50.5% to RM67.0 million from RM44.5 million in FY2020. Consequently, it reported a net profit of RM3.2 million as compared to a net loss of RM9.9 million in the preceding year. The main reason for its turnaround performance was due to better operating profits generated by the fibre optic cable manufacturing business and engineering services segments.
29.09.21 (Wed) 03.00 pm	SKP Resources Bhd (AGM)	SKP recorded a 23% increase in revenue to RM2.25 billion in FY2021 as compared to RM1.83

		<p>billion in the previous year. Additionally, its PAT increased 85% y-o-y to RM133.24 million from RM72.14 million the year before due to improved capacity utilization and the launch of several new products during the year.</p> <p>However, it has significant concentration of credit risk that may arise from 1 (2020: 1) customer who accounted for 76% (2020: 78%) of total trade receivables.</p>
29.09.21 (Wed) 03.00 pm	Omesti Bhd (AGM)	<p>Omesti's revenue decreased by 8% y-o-y to RM235.2 million (2020: RM255.6 million) due to lower order fulfilments. Its PBT declined significantly to RM6.4 million from RM33.4 million the year before due to one-off recognition of disposal gain in the previous FY amounting to RM24.62 million.</p> <p>Operationally, lower order fulfilments during the year had also impacted its bottom line. The Group remains optimistic on the outlook of the ICT industry as the new digital transformation solutions developed by the Group in FY2021 will present significant potential for it to be a leading innovation and transformation partner for all its clients.</p>
30.09.21 (Thur) 10.00 am	Solarvest Holdings Bhd (AGM)	<p>The outlook for local solar PV industry remains rosy with increasing demand for solar energy arising from ESG efforts carried out by businesses. Thus, Solarvest which is one of the leading solar PV specialists is expected to be at the forefront of this growth trajectory.</p> <p>It expects a higher influx of new projects coming in from the C&amp;I segment. In addition, its recent</p>

		successful bid in LSS@MENTARI programme tender to own, operate and maintain 50MW solar plants will provide stable recurring income to the Group over the long run.
30.09.21 (Thur) 10.00 am	MMC Corporation Bhd (EGM)	The EGM is to seek shareholders' approval for the Proposed Selective Capital Reduction and Repayment Exercise of MMC Corporation Berhad pursuant to Section 116 of the Companies Act 2016.
30.09.21 (Thur) 10.30 am	Magni-Tech Industries Bhd (AGM)	The Company had weathered the impact of the pandemic with a marginal increase in net profit for FYE 2021. Nevertheless, it should be mindful that the Government has become strict in the hiring of foreign labour and it should at look at ways to reduce its dependence on foreign labour. Thus, it should also automate some of its manufacturing processes towards this end.
30.09.21 (Thur) 10.30 am	Computer Forms (Malaysia) Bhd (AGM)	Despite the dwindling market demand towards its printing services for business forms, cheques and paper statements, Computer Forms insists to remain focus on this core business. However, its decision to focus on existing business may not be able to deliver long-term value to shareholders.
30.09.21 (Thur) 10.30 am	CAB Cakaran Corporation Bhd (EGM)	The EGM is to seek shareholders' approval for the proposed acquisition of a 51% equity interest in Benarlab Sdn Bhd for a RM3.3 million, which will be satisfied entirely via the issuance of 7.5 million new shares in CAB at 44 sen per share.
30.09.21 (Thur) 10.30 am	Ekovest Bhd (EGM)	The Company intends to seek shareholders' approval for the proposed provision of financial assistance in favour of MCC Land (TMK) Pte. Ltd., a 29%-

		<p>owned JV company of Ekovest Development (S) Pte. Ltd. (EDSPL). EDSPL is a wholly-owned subsidiary of Ekovest.</p> <p>The estimated total quantum of the Proposed Provision of Financial Assistance under the EB Deed of Undertaking is up to S\$77.28 million (or equivalent to RM240.34 million).</p>
30.09.21 (Thur) 11.00 am	Lingkaran Trans Kota Holdings Bhd (AGM)	<p>The imposition of MCOs in FY2021 had caused a significant drop in average weekday tollable traffic on LDP. As a result, LITRAK Group's revenue declined by 22.0% from RM503.8 million to RM392.8 million in FY2021 whilst profit for the year dropped by 21.4% to RM205.8 million compared to RM261.9 million in FY2020.</p> <p>Pending full lifting of MCO by the Government, economic recovery may be uneven and sluggish in the near-term, however, the Group's future profitability is expected to remain resilient.</p>
30.09.21 (Thur) 02.30 pm	Esthetics International Group Bhd (AGM)	<p>The Company was severely affected by the COVID-19 pandemic as its beauty and wellness segment was unable to operation during MCOs imposed by the Government.</p> <p>Its foray into telemarketing to market its products should be positive for the Company in the short term. However, it expects to turn the corner once the COVID-19 pandemic subsides and consumers' confidence in visiting beauty and wellness centres restored.</p>
30.09.21 (Thur) 03.00 pm	Kanger International Bhd (AGM)	<p>The FY2022 will reveal if Kanger's foray into the construction segment has borne fruits. It got off to a good start in FY2021 when it manages</p>

		to grow the orderbook for its construction segment to RM1 billion. Its Jianzhou plant was also up and running in FYE 2021 and should be able to contribute positively to the profitability of the Company in FY2022.
--	--	--

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

<b>Company</b>	<b>Points/Issues to Be Raised</b>
George Kent (Malaysia) Bhd (AGM)	<p><u>On-going projects</u></p> <p>(a) What is the progress of the Group's Light Rail Transit Line 3 project, Hospital construction works, and the construction of the Glove Manufacturing Plant? Are the projects on schedule?</p> <p>(b) Are any of the abovementioned projects facing difficulties? If so, what is the Group 's strategy to manage the difficulties?</p>
Solid Automotive Bhd (AGM)	<p>1. The Group's cash and cash equivalents at the end of the financial year increased to RM42.3 million (FYE2020: RM16.2 million), partly contributed by the proceeds from exercise of warrants amounting to RM25.8 million (FYE2020: RM0.9 million) (page 55 of AR2021).</p> <p>Considering that the Group's cash balance has increased substantially, what is the Board's plans in terms of utilising the proceeds received from the exercise of warrants? Are there plans for overseas expansion?</p> <p>2. Product warranties claimed/utilised during the financial year increased significantly to RM4.6 million (FYE2020: RM1.8 million) (Note 29, page 85 of AR2021). What were the main reasons for the sharp increase? To which products do these warranties related to?</p>
ES Ceramics Technology Bhd (AGM)	<p>The cost incurred in maintaining the outsourced internal audit function for the financial year ended 31 May 2021 is RM7,500. (Page 30 of AR). For FY2020, the cost was RM22,150.</p> <p>MSWG had queried in the previous year, that given such low cost (approximately RM1,800 per month), as to how the Audit Committee assure itself that there would be adequate coverage and an effective audit function?</p>

	<p>The current situation is even worse as the audit cost has decreased to an even smaller amount of RM7,500.</p> <p>Please explain.</p>
Jasa Kita Bhd (AGM)	<p>For the last 5 financial years, the Group has been incurring losses after tax attributable to Owners of The Company. Consequently, apart from FY2017, shareholders have also not been receiving dividends for the last 4 financial years. (Page 11 of Annual Report – AR)</p> <p>What were the main reasons for the Group's continuous losses? When is it expected to be profitable and declare dividends?</p>
Lay Hong Bhd (AGM)	<p>1. In FY2021, the Group harvested a total of 40.29 million kilogram ("kg") (2020: 45.51 million kg) of broilers due to lower productivity at some of the older farms in Tanjong Karang, Selangor and Kampong Serusup in Kota Kinabalu, Sabah. Due to this, the sales had accordingly recorded a decline of 5.07% or RM10.26 million from RM202.36 million to RM192.10 million (page 8 of AR2021).</p> <p>(a) To what extent will sales of broilers be affected going forward, if the older farms continue as they are?</p> <p>(b) What are the Group's plans to improve productivity? Are there plans to upgrade or modernise the older farms in Tanjong Karang, Selangor and Kampong Serusup in Kota Kinabalu, Sabah?</p> <p>2. Impairment losses on revaluation on land and building was RM1.7 million (2020: Nil) (page 65 of AR2021). To which land and building do these impairment losses relate to? What is the reason for the impairment losses on revaluation on land and building?</p>
Bintai Kinden Corporation Bhd (AGM)	<p>1. As at 31 March 2021, the Group's cash and bank balances was RM1.9 million. The Group's trade and other payables were RM32.6 million in FY2021 (page 57 &amp; 58 of AR 2021) and finance costs were RM9.6 million in FY2021 (Note 25 to the Financial Statements, page 106 of AR 2021).</p> <p>With negative operating cashflow of RM20.6 million, how will the Group prepare itself to meet its financing payments and payables obligation on a timely manner?</p>

	<p>2. The ageing analysis of the Group's trade receivables shows all categories of past due but not impaired trade receivables. The category of more than 91 days past due but not individually impaired increased significantly to RM19.6 million in FY2021 (FY2020: RM1.3 million) (Note 30, page 112 of AR 2021).</p> <p>(a) How much of the RM19.6 million trade receivables have been collected to-date? What are the efforts by management to collect the long outstanding trade receivables?</p> <p>(b) Has the Group experienced slower collections of its trade receivables from customers in the construction business? What are the profiles of the customers with long outstanding debts?</p> <p>(c) What is the likelihood of impairment in the current year given that the industry has been disrupted by the pandemic and MCO 3.0?</p>
Oversea Enterprise Bhd (AGM)	<p>Since FY2017 till FY2021, Group revenue has been continuously declining and there were consecutive losses after tax for the last 4 financial years. (Page 5 of Annual Report – AR)</p> <p>How does Management plan to arrest the continuously decreasing revenue? When is the Group expected to turn profitable?</p>
SCGM Bhd (AGM)	<p>The total cost incurred for the internal audit function of SCGM for FY2021 was RM30,000.00 which is the same amount as in the last financial year (page 150 of AR2021).</p> <p>During the year, the IA function conducted review of Anti-Bribery and Corruption Management, Management Information System (“MIS”) Management and Governance Management for its key operating subsidiary in Malaysia.</p> <p>Compared to SCGM's revenue and net profit of RM246.05 million and RM33.6 million respectively in FY2021, the IA fee for FY2021 is rather low.</p> <p>(a) How many reviews and reports were issued by Messrs. NeedsBridge Advisory Sdn Bhd based on the IA activities carried out during the year?</p> <p>(b) What were the issues raised by the internal auditor on the three functions? Had these issues been resolved?</p>

	<p>What were the measures taken to improve these functions?</p> <p>(c) Considering the low IA fee (average RM2,500 per month) and limited scope of IA review (covered only three areas), how does the Audit Committee assure itself that there would be sufficient resources to ensure adequate coverage and an effective internal audit function especially since SCGM's operations have been expanding rapidly in terms of sales and scope of businesses.</p>
<p>Talam Transform Bhd (AGM)</p>	<p>1. Included in the non-current trade receivables is an amount of RM25.67 million (2020: RM23.88million) that is to be received on 31 July 2023 and 31 July 2025. (Page 132 of AR)</p> <p>(a) What are the reasons for the Company allowing such long credit periods of 2 to 4 years to receive the RM25.67 million due?</p> <p>(b) Please explain the nature of the non-current trade receivables that are receivable in the future.</p> <p>(c) What is the amount of non-current trade receivables to be paid on 31 July 2023 and 31 July 2025 respectively?</p> <p>(d) How confident is the Company of being able to collect all the non-current trade receivables amounting RM25.67 million by the due dates?</p> <p>2. The Group has impaired RM12.8 million of Other Receivables in FY 2021 as compared to RM1.9 million in FY 2020. (Page 133 of AR)</p> <p>(a) Please provide a breakdown of the impaired loss of Other Receivables in FY 2021?</p> <p>(b) What was reason for the high impairment loss of Other Receivables in FY 2021?</p> <p>(c) Is there any possibility the impairment can be reversed in the future?</p>
<p>AT Systemization Bhd (AGM)</p>	<p>As at end of FY2021, there was a huge, accumulated impairment loss of RM8.2 million constituting 97.6% of outstanding other receivables of RM8.4 million due from third parties. (Page 121 of AR)</p>

	<p>What is the nature of the impaired other receivables? Why was such a huge amount impaired and what is the probability of recovery?</p>
Opcom Holdings Bhd (AGM)	<p>Group revenue increased significantly by 50.5% from RM44.5 million in FY2020 to RM67.0 million in FY2021 whilst cost of sales rose by 22.8% from RM43.0 million to RM52.8 million. This has resulted in a huge increase in gross profit margin (GPM) from 3.3% in FY2020 to 21.2% in FY2021. (Page 60 of AR)</p> <p>The huge increase in GPM seems to be attributed to not only the significant increase in revenue but the relatively lower increase in cost of sales, far below the revenue increase rate.</p> <p>Is the aforesaid favourable scenario likely to sustain in FY2022 and moving forward?</p>
SKP Resources Bhd (AGM)	<p>1. Under Other Income, for FY2021, there was Government subsidies amounting to RM3.372 million while there was none in FY2020. (Page 91 of AR)</p> <p>Under what terms and conditions was the Government subsidies given? Was it one-off or will it be given periodically?</p> <p>2. For FY2021, there was provision of RM9.447 million for slow moving and obsolete inventories. (Page 92 of AR)</p> <p>How did such a substantial provision arise in FY2021 while there was none in FY2020? Does this not warrant a review of the inventory management system to mitigate such risk? Are these inventories resaleable? What is the estimated recovery value, if any?</p>
Omesti Bhd (AGM)	<p>The ongoing impact of the global Pandemic, with many organisations adopting stringent cash conservation measures, has led to the postponement and/or retender of several major projects in the Group's prospect pipeline (page 9 of AR2021).</p> <p>(a) How many of the Group's projects encountered postponement? And how many projects require retendering?</p> <p>(b) What are the current outstanding order fulfilments of the Group? How long are the current project pipeline expected to last?</p>

Solarvest Holdings Bhd (AGM)	<p>The ageing analysis of the Group's trade receivables shows all categories of past due and impairment losses. The category of more than 60 days past due increased significantly to RM11.5 million in FY2021 (FY2020: RM5.9 million). In FY2021, trade receivables overdue amount of RM182,008 was impaired (Note 36, page 164 of AR2021).</p> <p>(a) How much of the RM11.5 million trade receivables have been collected to-date? What are the efforts by management to collect the long outstanding trade receivables?</p> <p>(b) Has the Group experienced slower collections of its trade receivables from its customers? How much of the impaired long outstanding debts are related to the Group's 5 major customers (52% of the Group's trade receivables were due from them in FY2021)?</p> <p>(c) What is the likelihood of impairment in the current year given that businesses have been disrupted by the pandemic and MCO 3.0?</p>
Magni-Tech Industries Bhd (AGM)	<p>1. The Garment segment is a major contributor of revenue and operating profits to the Company with contributions of 91.7% and 94.5% of the total. The garments are wholly exported. The Company has cited the concentration risk of its customers as a major risk. (Page 15 of AR 2021)</p> <p>(a) What is the percentage of sales to the top-3 of the Company's biggest customers?</p> <p>(b) What are the measures taken by the Company to reduce the concentration risk of its customers?</p> <p>2. The Government has become more stringent in the hiring of foreign labour recently.</p> <p>(a) What is the number of foreign workers currently and the ratio of foreign workers to local workers in the Company currently?</p> <p>(b) Does the Company have any plans to increase automation in its manufacturing processes as there is currently a shortage of production workers in the country?</p>
Computer Forms (Malaysia) Bhd (AGM)	<p>During FY2021, CFM only held two Board meetings in which all directors attended (page 31 of AR2021).</p> <p>(a) While there is no minimum number of board meetings per year prescribed by law, the Bursa</p>

	<p>Malaysia Corporate Governance Guide stipulates that 'it would be in the best interest of the company for the board to meet regularly (ie, at least five meetings, if not more frequently as circumstances dictate)'.</p> <p>Are two Board meetings during the year sufficient for the Board to ensure robust and meaningful discussions among directors regarding CFM's business strategy and direction?</p> <p>(b) Does it mean that some of the four quarterly results were not tabled at Board level for approval? This is notwithstanding that the Audit Committee met four times during FY2021.</p>
<p>Ekovest Bhd (new) (EGM)</p>	<p><u>Risk of default by MCC Land (TMK)</u> The EB Deed of Undertaking may be called upon or claimed by the aforesaid financial institutions in any event of default by MCC Land (TMK) in respect of the Banking Facilities, which as a consequence, EB will be required to fulfill its obligations under the EB Deed of Undertaking. This may have an adverse impact on the financial position of EB Group (Page 10 of the Circular). As such, the Group will continuously monitor the progress of the TMK Development and the cash flows of MCC Land (TMK) to ensure that it is able to meet its obligations to the financial institutions.</p> <p>(a) How will EDSPL monitor the progress of the TMK Development and the cash flows of MCC Land (LMK) to minimise the risk of default by MCC Land (TMK)?</p> <p>(b) Besides through a board representative, to what extent will EDSPL be involved in the operations/management of the project?</p> <p>(c) In the event the deed were to be called, will EB be able to meet its obligations under the deed based on its current financial position?</p>
<p>Lingkar Trans Kota Holdings Bhd (AGM)</p>	<p>Sundry receivables - compensation claim receivable from the Government amounting to RM77.7 million in FY2021 (FY2020: RM119.1 million) (Note 17 to the Financial Statements, page 92 of AR2021). Timely receipt of such toll compensation due is crucial in managing the Group's financial liquidity position as well as reducing risk of breaching the respective concession companies' loan covenants (page 19 of AR 2021).</p>

	<p>(a) What is the current status of the compensation payments for 2020 and 2021 from the Government of Malaysia? Given the change in Government in August 2021, does the Company foresee any delay in receipt of toll compensation claims?</p> <p>(b) The concession company (Lingkaran Trans Kota Sdn Bhd) is restricted by its Sukuk Musyarakah Programme's covenants such as finance service coverage ratio (FSCR) and maintains a prescribed debt to equity ratio (Note 37 to the Financial Statements, page 115 of AR 2021). Will the delay in receipt of compensation claims impact the concession company's cashflow which in turn will have an impact on the distribution to shareholders? What is the outlook for dividends in 2022?</p>
<p>Esthetics International Group Bhd (AGM)</p>	<p>Product Distribution recorded revenue of RM48.6 million for FYE2021, which was 28.8% lower than FYE2020. The segment reported an operating loss of RM3.9 million as compared to an operating loss of RM1.5 million in FYE2020 (Page 17 of AR 2021)</p> <p>What are the measures taken by the Company to turn around its operating loss position for its Product Distribution segment?</p>
<p>Kanger International Bhd (AGM)</p>	<p>1. Administrative Expenses of the Company rose sharply from RM7.5 million in the previous year to RM25.3 million in FPE 2021. (Page 74 of AR 2021)</p> <p>What were the reasons for the significant rise in Administrative Expenses?</p> <p>2. Other Operating Expenses rose significantly from RM83 in the previous year to RM67.2 million in FPE 2021. (Page 74 of AR 2021)</p> <p>What were the reasons for the huge increase in Other Operating Expenses?</p>

### MSWG TEAM

Devanesan Evanson, Chief Executive Officer, ([devanesan@mswg.org.my](mailto:devanesan@mswg.org.my))  
Linnert Hoo, Head, Research & Development, ([linnert.hoo@mswg.org.my](mailto:linnert.hoo@mswg.org.my))  
Norhisam Sidek, Manager, Corporate Monitoring, ([norhisam@mswg.org.my](mailto:norhisam@mswg.org.my))  
Lee Chee Meng, Manager, Corporate Monitoring, ([chee.meng@mswg.org.my](mailto:chee.meng@mswg.org.my))  
Elaine Choo Yi Ling, Manager, Corporate Monitoring, ([elaine.choo@mswg.org.my](mailto:elaine.choo@mswg.org.my))  
Lim Cian Yai, Manager, Corporate Monitoring, ([cianyai@mswg.org.my](mailto:cianyai@mswg.org.my))  
Ranjit Singh, Manager, Corporate Monitoring, ([ranjit.singh@mswg.org.my](mailto:ranjit.singh@mswg.org.my))  
Rita Foo, Manager, Corporate Monitoring, ([rita.foo@mswg.org.my](mailto:rita.foo@mswg.org.my))  
Nor Khalidah Mohd Khalil, Executive, Corporate Monitoring, ([khalidah@mswg.org.my](mailto:khalidah@mswg.org.my))

---

**DISCLOSURE OF INTERESTS**

•With regard to the companies mentioned, MSWG holds a minimum number of shares in all these companies covered in this newsletter.

---

**DISCLAIMER**

*This newsletter and the contents thereof and all rights relating thereto including all copyright is owned by the Badan Pengawas Pemegang Saham Minoriti Berhad, also known as the Minority Shareholders Watch Group (MSWG).*

*The contents and the opinions expressed in this newsletter are based on information in the public domain and are intended to provide the user with general information and for reference only. Best efforts have been made to ensure that the information contained in this newsletter is accurate and current as at the date of publication. However, MSWG makes no express or implied warranty as to the accuracy or completeness of any such information and opinions contained in this newsletter. No information in this newsletter is intended to be or should be construed as a recommendation to buy or sell or an invitation to subscribe for any, of the subject securities, related investments or other financial instruments thereof.*

*MSWG must be acknowledged for any part of this newsletter which is reproduced.*

*MSWG bears no responsibility or liability for any reliance on any information or comments appearing herein or for reproduction of the same by third parties. All readers or investors are advised to obtain legal or other professional advice before taking any action based on this newsletter.*