



**MINORITY SHAREHOLDERS WATCH GROUP**

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia . Registration No. 200001022382 (524989-M))

## The Observer

26.11.2021

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

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### CG Monitor 2021: Improvements seen in the overall adoption of MCCG

The findings of the Corporate Governance Monitor 2021 (CG Monitor 2021) are hot off the press as they were released by the Securities Commission on 24 November 2021.

In 2020, improvements were recorded in the overall adoption of the MCCG. Out of the 36 best practices, 24 (2019: 23 best practices) had recorded adoption levels of at least 90%, i.e., at least 90% of listed companies have adopted the practices.

However, the disclosure of senior management remuneration in bands of RM50,000 on a named basis (Step Up practice 7.2) continues to record a low take-up rate. The total number of listed companies that adopted this Step-Up practice was 146 listed companies compared to 122 in 2019.

There was even a lower adoption of the practice requiring detailed disclosure of senior management remuneration on a named basis (Step Up practice 7.3) with only 5% of listed companies adopting this practice. There were only nine new adopters in 2020.

There are a few reasons given for the non-adoption of these Step-Up practices.

Firstly, the reason given is that making such disclosure may create jealousy and envy amongst fellow managers in the top-5 category when they start comparing their respective remuneration. There may be more jealousy and envy if other staff (outside the top-5 management) become aware of the top-5 remuneration, they reasoned. As a result, some listed companies have argued that all this jealousy and envy will not be conducive to a harmonious healthy working environment.

Secondly, it has been opined, that if other companies know the remuneration (or the range, if disclosed in RM50,000 bands), there is a risk that the other companies may poach the staff by offering higher remuneration. And when key staff are lost, business may be impacted and that is not in the best interest of the company.

Thirdly, the fear of safety has also been cited as a reason for the non-disclosure. Top-5 management often earn more than non-executive directors and other management staff. As such, if the high remuneration of top-5 management is publicly available, there is a risk to the safety of these senior management and their families from a criminal perspective.

Fourthly, some listed companies have just declared that they do not see how such disclosures can contribute to good corporate governance.

The regulators would have already considered these reasons/excuses. The regulators feel that the advocated disclosures contribute to good corporate governance as they enable the shareholders to play a better activism role when it comes to these senior management remunerations and how they impact the performance of the company.

Of course, if the low take-up for these two Step Up practices continue, there is a possibility that one day these practices may become rules.

### **The domino effect of missing bond payment on stock price**

Given that both bonds and stocks are construed as two distinct financial instruments, minority shareholders are often baffled as to why missing bond payments can trigger negative reaction on the stock price of a listed company.

The crux of the matter is simple – missing a bond payment is a harbinger of ailing financial health, hence the corporation's prospects immediately turn bleak as this could be a spill-over effect from poor earnings, over-indebtedness, high levels of receivable or negative cash flow.

In fact, the consequences can be most dire if we were to observe how China's Evergrande Group has been dodging one debt deadline to another to avoid payment default.

Touted as the world's most indebted developer, failure of cash-strapped Evergrande to service its interest payments could trigger the collapse of the Chinese property market, hence crippling China's economy.

### **KNM misses Thai bond payment**

Most recently, KNM Group Bhd said it had missed its principal and coupon payments on bonds issued in Thailand worth 2.78 billion baht (RM352.57 million) which matured on 18 November.

The oil & gas (O&G) equipment and services group blamed this on the challenges and delays in refinancing the Thai bonds arising from the COVID-19 pandemic, and the unfavourable operating conditions of its subsidiary Impress Ethanol Co Ltd (IECL) that operates an ethanol plant in Thailand.

KNM said it has a grace period of until 2 December to pay the principal sum, and until 9 December to pay the coupon before an event of default is triggered.

The bonds are guaranteed by Credit Guarantee and Investment Facility (CGIF), a trust fund managed by the Asian Development Bank.

KNM had expressed concern that the non-payment event may have an adverse impact on its financing facilities and that of its subsidiaries should the respective financial institutions suspend their financing facilities granted to the KNM Group pending the resolution of the non-payment event.

True enough, KNM's shares slumped in morning trade on Bursa Malaysia the next day (19 November). The counter opened at 16.5 sen, down as much as 8.33% or 1.5 sen from its previous close of 18 sen.

At the close of trading, however, KNM managed to pare its loss but was still down one sen or 5.56% at 17 sen with 85.9 million shares traded.

The counter had plunged almost 50% from its peak of 32.5 sen on 8 September. Year-to-date, KNM had fallen about 20%.

To meet its financial needs, KNM had on 22 November announced a proposal to undertake a private placement of 334.13 million new shares which represent not more than 10% of the issued ordinary shares in the company. Based on the

indicative price of 16 sen per placement share, the placement exercise is expected to raise RM53.46 million. The proceeds will be utilised by the company and its subsidiaries as working capital (RM22.16 million), repayment of bank borrowings (RM30 million) and estimated expenses for the private placement (RM1.3 million).

Elaborating further on the proceeds, KNM said it intends to utilise the RM30 million raised to repay its coupon payment and bank borrowings. As of 30 September, the Group has total bank borrowings of RM1.28 billion which comprise bank overdrafts, banker's acceptances, bill payables, revolving credit, term loans, coupon payments on bond issuance and hire purchase.

For its 2QFY2021 ended June 30 2021, KNM's net profit declined by 5.91% to RM10.56 million (2QFY2020: RM11.22 million) as its quarterly revenue dwindled 26.14% to RM245.98 million (2QFY2020: RM333.03 million).

However, for the 1HFY2021 period, KNM's net profit edged down 72.8% to RM8.55 million (1HFY2020: RM31.48 million) while its revenue contracted 28.7% to RM477.21 million (1HFY2020: RM RM669.59 million).

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

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### **MSWG AGM/EGM Weekly Watch 29 November – 3 December 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>  |
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| 29.11.21 (Mon)<br>09.00 am | MAG Holdings Bhd<br>(AGM) | For the 16-month financial period ended 30 June 2021 ("FPE 2021"), MAG registered a pre-tax profit of RM10.46 million on the back of RM81.54 million revenue, despite business operations were interrupted due to the various lockdowns. |

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|                            |                                 | Aquaculture business will be the main business driver of the Group. Besides, the newly acquired North Cube Farm in July 2021 is expected to contribute meaningfully to the Group's financial performance going forward.  |
| 29.11.21 (Mon)<br>10.00 am | Menang Corporation Bhd<br>(AGM) | The Group reported a higher profit for the year of RM14.90 million as compared to RM8.84 million in previous year due to lower overall group expenses and finance costs. by RM4.10 million and RM6.25 million respectively to offset the slightly lower group gross profit RM2.74 million and higher tax expense of RM2.32million. |
| 29.11.21 (Mon)<br>10.00 am | Karex Bhd (AGM)                 | Karex sank into losses in FY2021 for the first time in the last 5 years due to effects from the pandemic. As the economy opens up, it is expected to do better in the coming financial year. Its ability to venture into new markets will be pivotal in ensuring it returns to profitability in FY2022.                            |
| 29.11.21 (Mon)<br>10.00 am | RGT Bhd (AGM)                   | Despite the efforts to acquire the remaining 40% stake in Rapid Growth Technology Sdn Bhd (RGTSB) since 2019, RGT has not been able to complete the acquisition. Shareholders should ask the Board and management on the reason behind the delay.  |

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| 29.11.21 (Mon)<br>10.00 am | Seacera Group Bhd<br>(AGM)                            | Despite the Covid-19 pandemic, Seacera managed to record a higher revenue of RM4.4 million in FY2021 (FY2020: RM2.3 million), mainly due to higher sales from the trading business. Besides, it also recorded a PBT of RM7.1 million (FY2020: RM10.9 million) mainly due to the reversals of future interest of RM20.8 million.   |
| 29.11.21 (Mon)<br>10.00 am | S & F Capital Bhd (fka Leweko Resources Bhd)<br>(AGM) | <p>S&amp;F Cap registered a 80% increase in revenue to RM26.8 million in FYE2021 (FYE2020: RM14.9 million) due to contribution from the newly secured project in Penang and ongoing projects.</p> <p>Despite the increase in revenue, it incurred a LBT of RM9 million in FY2021 which was mainly due to the impairment of RM8 million receivable inherited from the previous management.</p> |
| 29.11.21 (Mon)<br>02.00 pm | Fintec Global Bhd<br>(AGM)                            | <p>One of the resolutions tabled in the AGM is to seek shareholders' approval to empower the company directors issuing and allotting shares of not exceeding 10% of Fintec's total number of issued shares in general pursuant to Sections 75 and 76 of the Companies Act 2016.</p> <p>However, it had already completed several fund-</p>  |

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|                            |                                      | <p>raising exercises including two private placements and a rights issue in the past two years to raise funds for working capital and new investments including the glove business.</p> <p>As of 4 October 2021, there were already approximately 5.23 billion issued shares in Fintec.</p>  |
| 29.11.21 (Mon)<br>03.30 pm | Metronic Global Bhd<br>(AGM)         | <p>Despite various business ventures in the past and present, Metronic continues to be in loss-making position and experiencing negative operating cashflow.</p> <p>The Board and management should reassess its businesses and strategy.</p>  |
| 30.11.21 (Tue)<br>09.30 am | Bonia Corporation Bhd<br>(AGM)       | <p>Bonia has been successful in strengthening its online presence amid the pandemic which restricted movements which encouraged buyers to do more online shopping. It is expected that the Company will close more physical stores in FY2022 and its ability to enhance its online presence will determine its future profitability in FY2022.</p> |
| 30.11.21 (Tue)<br>10.30 am | Inix Technologies Holdings Bhd (AGM) | <p>The Group recorded revenue of RM18.2 million (18-months FPE2020: RM8.2 million) for the 17-months financial period ended 30 June 2021 mainly from the sale of rubber gloves. Its LAT was RM10.6 million (18-months FPE2020: LAT</p>   |

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|                            |                              | RM3.3 million) due to huge impairment of other investment, impairment of other receivable, impairment of PPE and bad debts written off.   |
| 01.12.21 (Wed)<br>10.00 am | Redtone Digital Bhd<br>(AGM) | For FY2021, Redtone recorded a revenue of RM174.7 million, a decrease of 2% as compared to previous year of RM177.9 million. It delivered a sharp growth in its PBT to RM42.1 million, representing a 113.7% increase. The growth was mainly contributed by its MTNS segment. However, there is still concern on the concentration of credit risk in the form of outstanding balances mainly due to two (2020: two) customers representing approximately 79% (2020: 83%) of the total trade receivables. (Page 120 of AR) |
| 01.12.21 (Wed)<br>10.30 am | CME Group Bhd<br>(AGM)       | The profit recorded by CME in FY2021 was mainly due to a fair value gain on investment properties. Without the revaluation gain, it would have slipped into losses for FY2021. At the same time, its core manufacturing business recorded substantial decline in revenue, resulting in a segmental loss of RM1.34 million. Shareholders should be concerned on how CME sustain its profit without the   |

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|                             |                                    | one-off gain moving forward.   |
| 02.12.21 (Thur)<br>10.00 am | Dagang Nexchange Bhd<br>(AGM)      | The Group recorded revenue of RM330.5 million (2019: RM290.49) and PAT of RM68.6 million (2019: RM35.5 million) for the period under review of 18 months from 1 January 2020 until 30 June 2021. The Group went into a reset mode and strategised a clear transformation roadmap, mainly through strategic investments, operational efficiencies and cost optimisation initiatives for better financial performance, moving forward. |
| 02.12.21 (Thur)<br>11.00 am | INSAS Berhad<br>(AGM)              | Insas closed the FY2021 with a commendable overall financial performance with a pre-tax profit of RM257.9 million, representing a 10-fold increase from RM25.2 million pre-tax profit reported in FY2020. The better financial performance was driven by higher contribution from its stockbroking and technology business, which one of its investee companies, Inari Amerton Berhad had reported strong financial performance.     |
| 02.12.21 (Thur)<br>03.00 pm | Hong Leong Industries Bhd<br>(AGM) | Excluding discontinued operation, Hong Leong Industries achieved a higher revenue of RM2.63 billion and higher PBT of RM472  |

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|                            |                                   | million in FY2021. The PBT growth was mainly due to higher sales recorded across all product segments. It declared and paid higher dividend of 52 sen per share for FY2021, as compared to 42 sen per share in FY2020.   |
| 03.12.21 (Fri)<br>10.00 am | Supermax Corporation Bhd<br>(AGM) | Supermax recorded its highest ever net profit at RM3.9 billion for FY2021. However, it has been embroiled with forced labour issues and the ban of its products by the US Customs and Border Protection (CBP) amid forced labour issues. The Company is also facing falling average selling prices (ASPs) and this may adversely affect their profitability in FY2022.   |
| 03.12.21 (Fri)<br>10.00 am | Revenue Group Bhd<br>(AGM)        | The Company's revenue increased by 11.3% y-o-y to RM86.28 million (FY2020: RM77.52 million). The higher revenue recorded was mainly attributed to higher revenue from the rental and maintenance EDC terminals due to higher number of EDC terminals managed and higher electronic transaction income. Meanwhile, its PBT increased by 43.4% y-o-y to RM15.46 million (FY2020: RM10.78 million) mainly driven by the higher GP achieved and higher other income but was offset by the increase in the administrative expenses. |

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| 03.12.21 (Fri)<br>11.00 am | FCW Holdings Bhd<br>(AGM) | FCW's property development and contract manufacturing saw benign performance in FY2021. For FY2022, its contract manufacturing segment may see better performance as demand for its personal care products is expected to trend upwards due to heightened awareness on hygiene amid the pandemic. |
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**One of the points of interest to be raised:**

| Company                   | Points/Issues to Be Raised   |
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| MAG Holdings Bhd<br>(AGM) | <p>1) The Group has significant concentration of credit risk arising from the amounts owing by 2 customers constituting 99% of net trade receivables of the Group (Note 29, page 117 of AR 2021).</p> <p>a) What are the identities/profiles of the 2 customers?</p> <p>b) Has the board evaluated the customer concentration risks of the Group? If so, what has the Board done to mitigate the customer concentration risks?</p> <p>2) The accumulated impairment loss on the Group's Other Receivables has increased to RM2.2 million in FPE2021 (FY2020: RM83,000) (Note 18, Page 103 of AR 2021).</p> <p>a) Please provide the components of the Other Receivables that has the impairment losses.</p> <p>b) What are the reasons for the high impairment losses and what made this impairment necessary?</p> |

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|                              | c) What are the measures taken by the Company to ensure that the impairment losses on Other Receivables does not increase further?   |
| Menang Corporation Bhd (AGM) | <p>On 15 February 2021, the Board of Directors resolved to suspend Dato' Shun Leong Kwong and Ms. Marianna Binti Aly Shun, both non-independent and non-executive directors, from exercising their duties and functions as directors of the Company with immediate effect until the conclusion of findings of an Independent Investigative Committee, ("IIC").</p> <p>As at the date of the annual report (29/10/21), the investigation is still ongoing. (Page of 105 AR)</p> <ul style="list-style-type: none"> <li>a) Who are the members of the IIC?</li> <li>b) What are the challenges facing the IIC in carrying out the investigation and why has the investigation not been completed after a period 8 months?</li> <li>c) When is the IIC expected to complete the investigation?</li> <li>d) Why did the Group not engage a professional firm in carrying out the investigation instead of relying on IIC?</li> </ul> |
| Karex Bhd (AGM)              | <ol style="list-style-type: none"> <li>1. Other Expenses rose significantly to RM2.2 million in FYE 2021 from RM81k in FYE 2020 (page 65 of AR 2021). What were the reasons for the huge increase?</li> <li>2. Impairment loss on receivables increased sharply to RM1.2 million in FYE 2021 from RM46k in FYE 2020. (Page 70 of AR 2021) <ul style="list-style-type: none"> <li>a) What were the reasons for the sharp spike in the impairment?</li> <li>b) How much of the impaired amount has been collected after the financial year end?</li> </ul> </li> </ol>   |
| RGT Bhd (AGM)                | The plan to acquire the 40% stake in Rapid Growth Technology Sdn Bhd (RGTSB) was initiated back in August 2019, when RGT proposed to acquire the stake   |

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|                            | <p>for RM48 million. However, this proposal was voluntarily withdrawn in February 2020.</p> <p>Subsequently in September 2020, RGT entered a supplemental share sale agreement (Supplemental SSA) with the same vendors to acquire the same stake for RM124.8 million. However, on 30 June 2021, this proposal was again withdrawn as the conditions precedent of the SSA, including the Supplemental SSA, were not fulfilled by 30 June 2021.</p> <p>Then in September 2021, RGT announced another proposal to acquire the same stake in RGTSB for RM85.60 million after varying the earlier terms. The acquisition will be satisfied entirely via the issuance of 267.5 million new RGT shares at 32 sen each.</p> <ul style="list-style-type: none"> <li>a) Why is RGT unable to complete the acquisition after two years? What factors hinder RGT's effort from completing the exercise?</li> <li>b) Referring to the latest proposal announced in September 2021, what are the key terms that have been revised and amended?</li> <li>c) Unlike the proposal announced in September 2020, the proposal announced in September 2021 is without a profit guarantee.</li> </ul> <p>Why did RGT not include a profit guarantee in the proposal?</p> <ul style="list-style-type: none"> <li>d) Has the delay in completing this acquisition affected RGT's businesses? If yes, to what extent was RGT affected?</li> </ul> |
| Seacera Group Bhd<br>(AGM) | <p>The total fee for the internal audit function of the Company during the financial year ended 30 June 2021 was RM7,970.00 (Page 30 of the Annual Report 2021).</p> <p>Given that the fee is rather small (approximately RM664 per month), how does the audit committee assure itself that there would be adequate coverage</p>   |

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|                              | <p>and an effective audit function? What are the areas covered by the internal audit function? How many internal audit reports were issued during the said period?</p>   |
| S & F Capital Bhd<br>(AGM)   | <p>There is an impairment loss on other receivables amounting to RM8,021,675 (FY2020: Nil) (Page 48 of the Annual Report 2021).</p> <ul style="list-style-type: none"> <li>a) What is the nature of the other receivables which have been impaired?</li> <li>b) Is the amount recoverable? If so, what is the expected recoverability amount in FY2022?</li> <li>c) Have any of these impaired receivables been recovered to-date?</li> </ul>  |
| Fintec Global Bhd<br>(AGM)   | <p><b>Impairment loss on:</b></p> <ul style="list-style-type: none"> <li>a) Amount due from subsidiaries</li> </ul> <p>In FPE2021, Fintec made an impairment of RM67.74 million (FY2020: nil) for the amount due from subsidiaries at company level, thus increasing the accumulated impairment amounted to RM200.13 million (Note 17 – Amount due from/to subsidiaries, page 94 of AR2021).</p> <p>Why was the impairment made? What is the rationale for extending these non-trade, unsecured, interest-free advances to subsidiaries?</p> <ul style="list-style-type: none"> <li>b) Investment in unquoted shares</li> </ul> <p>In FPE2021, Fintec had made an impairment of RM4.86 million for its RM15.63 million new investment in unquoted shares (Note 18 – Investment in unquoted shares, page 94 of AR2021).</p> <p>Why was the impairment made shortly after Fintec invested in these unquoted shares? What were the unlisted entities that Fintec invested in?</p> |
| Metronic Global Bhd<br>(AGM) | <p>The Ordinary Resolution 12 on Notice of AGM dated 29 October 2021 seeks shareholders' approval to empower the company directors issuing and allotting shares of not exceeding 10% of Metronic's total</p>   |

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|                                | <p>number of issued shares in general pursuant to Sections 75 and 76 of the Companies Act 2016.</p> <p>Within the past two years, Metronic had already completed several fund-raising exercises to raise funds for working capital and new investments including the glove business.</p> <p>These fund-raising exercises are:</p> <ul style="list-style-type: none"> <li>- Two private placements completed in March 2021 and September 2021 respectively with both issuances up to 30% of Metronic's total number of issued shares. The private placements were completed at an offer price of 8.13 sen and 4.25 sen per share, raised approximately RM51.65 million (page 17 of AR2021)</li> </ul> <p>The Company had also implemented a 5+5 years ESOS program of up to 15% of its total number of issued shares in April 2021.</p> <p>As of 30 September 2021, there were approximately 2.17 billion issued shares in Metronic as compared to approximately 1.245 billion shares on 30 September 2020.</p> <ul style="list-style-type: none"> <li>a) Will Metronic utilize the mandate to issue new shares in FY2022?</li> <li>b) When will Metronic be self-sufficient and able to use its internally generated funds to fund its working capital and new businesses, without relying on equity issuance?</li> </ul> |
| Bonia Corporation Bhd<br>(AGM) | E-commerce contributed 7.2% (FY2020: 2.2%) to the Group's total retailing revenue of RM287.5 million for FYE 2021. The Company recognised the e-commerce platform as an important business segment and will continue to focus the effort on the digital marketing strategies to improve the e-commerce's revenue growth.  |

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|                                      | <p>a) What was the investment made to develop the e-commerce business in FYE 2021 compared to FYE 2020?</p> <p>b) What are the Company's plans to further develop its e-commerce business in FYE 2022?</p>  |
| Inix Technologies Holdings Bhd (AGM) | <p>1) Under the Company's Employees' Share Issuance Scheme, a total of approximately 49.3 million options were granted to Tan Mei Teng on 16 July 2020 and 20 October 2020, which were also exercised (page 54 of AR2021).</p> <p>a) What is Tan Mei Teng's relationship to the Company (or directors)? What is her designation in the Company?</p> <p>b) Another 21.6 million options were also granted on 24 November 2020 and exercised (page 54 of AR2021). To whom were the said options granted to? What is the person(s) relationship to the Company (or directors) and designation in the Company?</p> <p>2) For the financial period under review (1 February 2020 to 30 June 2021 (17-months), the total costs incurred by the Group for the internal audit functions was RM4,000 (2020: RM6,000) (page 46 of AR2021).</p> <p>a) What is the reason for the decrease in internal audit fee?</p> <p>b) Given that the fee is rather small (approximately RM235.29 per month), how does the audit committee assure itself that there would be adequate coverage and that the audit function is effective?</p> |
| Redtone Digital Bhd (AGM)            | General and Administrative expenses for FY 2021 was RM39.4 million (FY2020: RM30.8 million) and mainly comprises staff costs, depreciation and amortisation and general and administrative expenses. (Page 16 of AR)  |

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|                            | What were the reasons for the considerable increase in general and administrative expenses when Group revenue had registered a 2% decline?  |
| CME Group Bhd<br>(AGM)     | <p>For FY2021, CME reported a pre-tax profit of RM0.63 million (FY 2020: RM0.89 million), which was mainly due to fair value gain on investment properties of RM2.4 million. Excluding the revaluation gain, CME would have slipped into losses for FY2021.</p> <p>In addition, CME's core business of Manufacturing recorded a substantial decline of 92% in revenue to RM2.04 million (approximately 50% of FY2021 revenue) from RM25.8 million in the previous year, resulting in a segmental loss of RM1.34 million (FY2020: pretax profit of RM2.3 million).</p> <p>Meanwhile, the Trading segment was the only business segment that was profitable with pre-tax profit of RM0.7 million.</p> <ul style="list-style-type: none"> <li>a) With the weak performance of core businesses, will the Group be able to remain profitable (without one-off gains) going forward?</li> <li>b) With the appointment of a new chief executive officer and new chief operating officer, what are the plans to improve CME's business prospect and performance?</li> </ul> |
| Dagang Nexchange Bhd (AGM) | <p>Non-audit fees increased significantly to RM603,000 (2019: RM115,000) (Note 27, page 219 of AR2021) and is about 113% of the Group's audit fees of RM533,000 in FPE2021.</p> <ul style="list-style-type: none"> <li>a) What was the reason for the huge increase in non-audit fees?</li> <li>b) Does the Company have a policy on percentage of non-audit fees paid to its external auditor compared to audit fees paid?</li> </ul>  |
| INSAS Berhad (AGM)         | Based on the Corporate Governance (CG) report of the Company on the application of the Practices under the Malaysian Code on Corporate Governance (MCCG), please provide clarification on the following:  |

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|                                 | <p><b>Practice 4.2:</b> The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.</p> <p>If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.</p> <p><b>Insas' response:</b> Departure. The Board recommends that the Ordinary Resolution for the retention of Tengku Aishah be voted through the normal voting process i.e., single tier voting process. There is only one class of ordinary shares in the Company and the rights of the holders, including the right to vote, shall rank pari passu. Every shareholder should exercise their voting rights on the same platform or level and each ordinary share shall be entitled to one vote.</p> <p><b>MSWG's comment:</b> Based on a Frequently Asked Questions on the MCCG published by the Securities Commission on 26 April 2017, and revised on 30 April 2021, it is stated that the two-tier voting process is consistent with the rights and powers attached to shares as accorded in the Companies Act 2016. In exercising the votes under the two-tier voting process, each shareholder continues to have only one vote for each shares held.</p> <p>Therefore, the retention of Tengku Aishah as an independent non-executive director beyond 12 years should be tabled via a two-tier voting process as per the MCCG. More so, given that Tengku Aishah has been the chairperson of Insas Berhad since 1986.</p> |
| Hong Leong Industries Bhd (AGM) | Guocera Holdings Sdn Bhd Group's new strategy is to move away from ceramics to focus on the mid to high-end market segments for porcelain tiles, particularly those with distinctive product features and concept-   |

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|                                | <p>based selling. The immediate and long-term plans are to broaden and deepen market penetration for both domestic and international channels. (page 19 of Annual Report 2021 (“AR2021”))</p> <p>Apart from key international markets like Vietnam, Thailand, Singapore and Australia where the Guocera brand is well-recognised, what are the Group’s plans in terms of penetrating new international markets? What are the other new international markets that the Group targets to penetrate?</p>  |
| Supermax Corporation Bhd (AGM) | <ol style="list-style-type: none"> <li>1. Other Operating Expenses increased significantly to RM365.1 million in FYE 2021 compared to RM267.6 million in FYE 2020? (Page 49 of AR 2021)           <p>What were the reasons for the significant rise?</p> </li> <li>2. Impairments for trade receivables rose sharply to RM11.7 million in FYE 2021 compared to RM2.1 million in FYE 2020. (Page 52 of AR 2021)           <ol style="list-style-type: none"> <li>a) What were the reasons for the sharp spike in the impairments?</li> <li>b) How much of the impaired amount has been collected after the financial year end?</li> </ol> </li> </ol> |
| Revenue Group Bhd (AGM)        | <p>The Group is currently working with its partner banks on the development, testing and certification on the new digital payment terminals, which will be rolled out and deployed to the market in various stages (page 30 of AR2021).</p> <ol style="list-style-type: none"> <li>a) When does the Group target to roll out the new digital payment terminals?</li> <li>b) How will the cost of the new digital payment terminals impact the Group’s profit margins?</li> </ol>   |
| FCW Holdings Bhd (AGM)         | Revenue for its contract manufacturing segment involving personal care products increased from RM21.1 million in FYE 2020 to RM26.1 million in FYE 2021 due to heightened awareness among  |

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|  | <p>consumers on hygiene during the pandemic. (Page 16 of AR 2021)</p> <p>a) What are steps taken by the Company to increase its sales during the pandemic to capitalise on the heightened awareness on hygiene among consumers during the pandemic?</p> <p>b) What are the potential export markets the Company is seeking to venture into to market its personal care products in FYE 2022?</p> |
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### **DISCLOSURE OF INTERESTS**

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

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