



MINORITY SHAREHOLDERS WATCH GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

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The Observer

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❖ AI in investing

Artificial intelligence (AI), thanks to the popularity of ChatGPT, has shown the world how modern technology can disrupt and revolutionise various industries. The rise of AI has put the limelight on machine learning and how AI applications can be used in the financial industry, including investments.

The adoption of AI technologies in the financial services sector has increased significantly. The Securities Commission Malaysia has launched several initiatives to promote fintech adoption, including AI. These initiatives include regulatory sandboxes, which allow fintech companies to test their products and services in a controlled environment, and positioning Malaysia as a fintech hub to support the development and growth of fintech companies in Malaysia.

The use of AI in Malaysia is expected to grow rapidly over the next few years, driven by government initiatives and increasing investment in AI-related research and development. As AI technology becomes more widely available and accessible, more investors are believed to incorporate AI tools and platforms in their investments.

The use of ChatGPT in investments

While major funds have used AI for years to support their investment decisions, but the emergence of ChatGPT thrusts the technology in the hands of the general public, with the potential to guide retail investors:

- Provide information on investing
ChatGPT can provide general information about the investing process, such as how to evaluate the financial performance of PLCs and how to make informed investment decisions.
- Analysis of PLCs
ChatGPT can provide analysis of PLCs, including information on their financial performance, recent news and events, and potential risks and opportunities.
- Guidance on investment strategies
Based on an investor's investment objectives, risk tolerance, and other factors, ChatGPT can guide investment strategies and approaches that are suitable for him/her.

- **Monitoring of PLCs**
ChatGPT can monitor PLCs and alert investors on significant developments that could affect their investments.
- **Answering investor queries**
ChatGPT can answer queries related to investing in Malaysia and provide additional resources or information as required.

Benefits of using AI in investing

There are several benefits of using AI in investing, including:

- **Improved accuracy**
AI algorithms can process vast amounts of data and identify patterns and trends that may not be immediately apparent to human analysts. By analysing large datasets, AI can identify investment opportunities and risks with greater accuracy and precision, leading to more informed investment decisions.
- **Faster decision making**
AI algorithms can analyse information in real-time, allowing investors to make quicker and more informed investment decisions. This is particularly beneficial in fast-moving markets, where even a small delay in decision-making can result in missed opportunities or losses.
- **Enhanced efficiency**
AI tools can automate many time-consuming and repetitive tasks involved in investment analysis, such as data entry, data cleaning, and report generation. This allows investors to focus on higher-level analysis and decision-making, improving overall efficiency and productivity.
- **Improved risk management**
AI algorithms can help investors identify and manage risks more effectively by analysing various factors, such as market trends, financial performance, and external events. This can help investors develop more robust risk management strategies and mitigate potential losses.
- **Increased personalisation**
AI-powered platforms such as robo-advisors can provide personalised investment advice based on an investor's goals, risk tolerance, and other factors. This can help investors build diversified investment portfolios that are tailored to their specific needs and preferences.

AI tools for investors

Other than ChatGPT, there are other AI tools that can help investors make informed investment decisions:

- **Stock screeners**
AI-powered stock screeners can help investors find potential investment opportunities based on specific criteria, such as market capitalisation, price-to-earnings ratio, and dividend yield. Some examples of stock screeners include Yahoo Finance, Investing.com, MarketWatch, ShareInvestor, TradingView, KLSE Screener, iSaham Screener.
- **Sentiment analysis tools**
Sentiment analysis tools use natural language processing algorithms to analyse news articles, social media posts, and other sources of information to determine the sentiment around a particular stock or company. Investors can use sentiment analysis tools to gauge market sentiment and identify potential risks and opportunities. Examples of sentiment analysis tools include Acuity Trading and Brand24.
- **Robo-advisors**
Robo-advisors are AI-powered platforms that provide automated investment advice based on an investor's goals, risk tolerance, and other factors. Robo-advisors can help investors build diversified investment portfolios and manage their investments more efficiently. Some examples of robo-advisors include StashAway, Wahed Invest, and MyTHEO.
- **Trading bots**
Trading bots are AI-powered algorithms that automatically execute trades based on specific rules and parameters. Investors can use trading bots to automate their trading strategies and take advantage of market opportunities more quickly. Examples of trading bots include Wyden and 3Commas.

Overall, the benefits of using AI in investing are numerous and can lead to more informed decision-making, improved efficiency, and better risk management.

However, it is important to note that ChatGPT cannot offer personalised investment advice or make specific investment recommendations. And while AI tools can be useful for investors, they should not be relied upon solely for investment decisions. It is always best to seek the advice of a qualified financial advisor before making any investment decisions.

AI, part of the digitalisation of financial services, will accelerate as technological advancements grow. The Malaysian financial sector must continue to meet milestones in its digital transformation journey, and AI will play a crucial role in this as the country prepares for the commencement of its first five digital banks.

MSWG Team

MSWG AGM/EGM Weekly Watch 3 – 7 July 2023

For this week, the following are the AGMs/EGMs of companies 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
03.07.23 (Mon) 10.30 am	Quality Concrete Holdings Berhad (AGM)	<p>The Company turned loss-making for its FY2023 with a net loss of RM2.47 million against a net profit of RM6.16 million.</p> <p>The impact on its bottomline was mainly due to a one-off impairment amounted to RM4.1 million on PPE of the underperforming Manufacturing segment, on top of higher pre-tax loss recorded for the segment.</p>
05.07.23 (Wed) 10.30 am	JKG Land Berhad (AGM)	<p>The Group posted revenue of RM106.9 million and PBT of RM37.2 million for FY2023 compared to RM184.8 million and RM33.1 million recorded in the preceding financial year respectively.</p> <p>The sharp decline in revenue of 42% was mainly due to the completion of The ERA Phase 1 project while Phase 2 has yet to reach advanced stages of construction, despite higher revenue contribution from the Group's development projects in Kulim, Kedah.</p> <p>On the other hand, the Group's improved PBT of 12% was mainly attributable to cost adjustments made on finalising of account for construction contracts of Phase 1 of The ERA.</p>
05.07.23 (Wed) 11.00 am	KYM Holdings Berhad (AGM)	<p>KYM managed to record a second consecutive year of profit in FY2023 with a net profit of RM8.93 million (FY2022: RM3.55 million) on the back of RM120.38 million (FY2022: RM82.84 million) in revenue.</p> <p>However, the Company recorded losses in the first quarter ended 30 April 2023, with a pre-tax loss of RM1.89 million, as the industry outlook weakened due to lower selling prices and a softer export market for its paper sacks division.</p>

One of the points of interest to be raised:	
Company	Points/Issues to Be Raised
Quality Concrete Holdings Berhad (AGM)	<p>Despite recording higher revenue of RM208.4 million for FY2023, QCHB turned loss-making with a net loss of RM2.47 million compared to a net profit of RM6.16 million in the previous year. Notably, FY2023 was the fourth year that the Group posted losses between FY2019 and FY2023.</p> <p>The weaker bottom-line performance was affected by one-off impairments of RM4.1 million on properties, plants, and equipment (PPE) of the underperforming Manufacturing segment. At the same time, the Manufacturing segment also saw its pre-tax loss widen to RM9.6 million from RM2.4 million in the previous financial year, in line with a lower topline year-on-year.</p> <p>a) Was the decline in market demand towards QCHB's products due to industry-wide oversupply or a mismatch between market demand and QCHB's product offerings?</p> <p>Has the business prospects improved since the beginning of FY2024? Has the Group seen a recovery in demand for its products in FY2024? What will be the strategy to effectively improve the Manufacturing segment's profitability?</p> <p>b) Referring to the RM4.1 million impairment made on PPE of the Manufacturing segment in FY2023, to which division (e.g., ready-mixed concrete, timber products, pipes) do these impairments relate to? Please provide the breakdown of the impairment by property, plant and equipment in FY2023 with the respective amount.</p> <p>Does the Group expect further impairments to be made to the PPE of the Manufacturing division?</p>
JKG Land Berhad (AGM)	<p>The credit impaired on trade receivables that are past due more than 91 days was RM6.38 million in FY 2023 as compared to RM1.41 million in FY 2022, an increase of RM4.97 million or 352%.</p> <p>The trade receivables for FYs 2023 and 2022 were RM28.3 million and RM39.4 million respectively. (Page 128 of AR)</p> <p>a) What are the reasons for the high credit impaired on trade receivables for FY 2023 as compared to FY 2022?</p> <p>b) Which business segment contributed to the high credit impaired amount in FY 2023?</p>
KYM Holdings Berhad (AGM)	<p>KYM recorded stellar financial performance for FY2023 with a net profit of RM8.93 million (FY2022: RM3.55 million) and revenue of RM120.38 million (FY2022: RM82.84 million), mainly driven by higher product selling prices and export sales of paper sacks.</p> <p>However, KYM's manufacturing segment turned red for the first quarter ended 30 April 2023, with a pre-tax loss of RM1.89</p>

	<p>million, due to lower selling prices and a softer export market for the Multiwall Industrial Paper Sacks division.</p> <p>a) What is the outlook for the Manufacturing segment, especially the Multiwall Industrial Paper Sacks division for FY2024? Is the soft market demand expected to persist throughout FY2024?</p> <p>b) The financial performance of KYM is hinged on the Manufacturing segment, as the latter is the primary revenue and profit contributor to the Company. However, the financial contribution of the Manufacturing segment has been volatile and is highly sensitive to the business activities of its clients.</p> <p>Does the Group see the need to diversify its sources of income to mitigate the earning impact of the Manufacturing segment and better safeguard long-term business sustainability? If it does, please elaborate on the diversification plans?</p> <p>c) The paper sacks produced by KYM cater mainly for industrial use. Is it feasible or viable for the Group to expand the use of paper sacks to other applications to diversify its source of income?</p>
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MSWG TEAM

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DISCLOSURE OF INTERESTS

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

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