



MINORITY SHAREHOLDERS WATCH GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

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

The Observer

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❖ Hybrid meeting - the best of both worlds

Necessity is the mother of innovation. The Covid-19 pandemic has accelerated the adoption of technology and the acceptance of virtual meetings.

As we may recall, Ranhill Utilities Berhad was among the earliest public-listed companies (PLCs), if not the first on Bursa Malaysia, to conduct a virtual AGM after the imposition of Movement Control Order in March 2020. In a statement, the group president and chief executive Tan Sri Hamdan Mohamad said the virtual meeting attracted more shareholders that year than in the two previous years.

For the first ten months this year, MSWG representatives attended a total of 292 AGMs. Slightly more than three quarters (76.0%) of the AGMs, were conducted virtually, while close to a quarter (23.3%) of the AGMs, mainly of smaller PLCs, were conducted in the conventional mode with the physical presence of shareholders. As we move into the endemic stage of Covid-19 pandemic, there were PLCs that chose to conduct hybrid general meetings. However, there were only a handful of PLCs (0.7%), which convened the AGMs in hybrid mode during this period.

There are good things about a physical AGM that cannot be replicated in a virtual AGM. For most of the minority shareholders, the annual event is probably the only occasion where they can mingle with the Board of Directors and the management before and after the AGMs, and during vote counting. It is also an opportunity for camaraderie amongst shareholders.

A physical meeting provides better engagement as it allows better flow of two-way conversation during the Q&A session. Shareholders can, without much difficulty, raise follow-up questions when the board does not answer the questions adequately, or when further clarification to the answers is needed. Besides, those who are less tech-savvy in navigating online meeting platforms can choose to attend physical AGMs.

On the other hand, virtual AGMs make the AGMs highly accessible to most shareholders, including those from overseas, enabling them to participate in meetings from the comfort of their locations. It also saves time, hassle, and costs of travelling.

The online meeting format allows shareholders to attend AGMs back-to-back, which is impossible for physical AGMs held at different locations far apart. As such, having access to remote participation in virtual AGMs will make it more appealing to overseas investors.

Meanwhile, a hybrid AGM combines the best of both worlds, incorporating the elements of both physical and virtual meetings into one. Year to date, MSWG had attended three hybrid AGMs, namely the AGMs of Pertama Digital Berhad, IOI Corporation Berhad and the most recent one, icapital.biz Berhad.

At one of these hybrid meetings, we learnt that about one-third of the participants participated in the meeting physically, with the remaining two-thirds joining the AGM remotely.

From our observations, the proceedings of a hybrid AGM were similar to a physical and virtual AGM, except that the Board had to deal with questions raised by shareholders at the physical venue and also online. To ensure the Q&A session was conducted in an orderly manner, the Board addressed the questions raised by shareholders at the physical meeting before proceeding to online questions.

Separately, it is noteworthy that IOI Corporation Berhad, one of the largest plantation companies in Bursa Malaysia, conducted its recent AGM in hybrid mode - an exemplary effort indeed. Furthermore, to promote greater transparency, the webcast of its AGMs is available at the company's website.

With the proliferation of large-group online meetings and online seminars, the cost of incorporating the virtual element into a hybrid AGM has become more affordable and is considered insignificant to large PLCs.

Therefore, we hope to see more PLCs, especially large companies, opting for hybrid AGMs as their long-term meeting format. It allows broader shareholders participation and offers shareholders the flexibility to attend AGMs at their comfort.

Having hybrid AGMs is about taking an extra step to encourage greater shareholder participation and activism.

Ooi Beng Hooi
Manager, Corporate Monitoring

MSWG AGM/EGM Weekly Watch 12 – 16 December 2022

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
12.12.22 (Mon) 08.30 am	Borneo Oil Berhad (AGM)	<p>For FY2022, Borneo Oil recorded higher revenue and net profit of RM87.49 million (FY2021: RM51.4 million) and RM54.1 million (FY2021: RM28.48 million) respectively, primarily due to fair value gain on investments in quoted shares of RM53.04 million (FY2021: RM26.4 million)</p> <p>Its Food and Franchise Operations (FFO) and Property Investment & Management (PIM) back to black with pre-tax profits of RM1.65 million and RM0.92 million. FFO and PIM divisions recorded revenue of RM47.62 million and RM22.09 million separately.</p>
12.12.22 (Mon) 02.30 pm	KPJ Healthcare Berhad (EGM)	<p>KPJ Healthcare is seeking shareholders' approval for the proposed sale and leaseback with Al-Aqar Healthcare REIT for KPJ Pasir Gudang Specialist Hospital land and building, TMC Health Centre building and a new building forming part of KPJ Seremban Specialist Hospital's premises.</p> <p>The transaction will be satisfied via cash of RM167 million and 20.5 million new units of Al-Aqar Healthcare REIT worth RM25 million.</p>
13.12.22 (Tue) 10.00 am	Berjaya Land Berhad (AGM)	<p>BJLand's revenue increased by 11.6% y-o-y to RM6.04 billion (FY2021: RM5.41 billion) due to the higher overall average occupancy and room rates reported by the hotel and resorts business segment in line with the resumption of domestic and international travel.</p> <p>Nevertheless, its pre-tax loss widened to RM100.3 million compared to RM42.23 million in FY 2021, mainly due to the provision of partial impairment made on the balance of sale proceeds of the Great Mall Project amounting to RM197.8 million, given the prolonged and arduous enforcement procedures of the arbitration award.</p> <p>Excluding the partial impairment, the Group would have reported a pre-tax profit of about RM97.5 million.</p>

13.12.22 (Tue) 10.00 am	KNM Group Berhad (AGM)	<p>For the 18-month financial period ended 30 June 2022, KNM reported a pre-tax loss of RM844.81 million on the back of a revenue of RM1.44 billion.</p> <p>The loss was mainly due to the non-cash accounting impairment adjustments on certain assets including goodwill, an ethanol plant under construction in Thailand and additional project costs provided upon closure of certain long outstanding projects totalling RM568.58 million.</p>
13.12.22 (Tue) 10.30 am	Jaycorp Berhad (AGM)	<p>Jaycorp's FY2022 net profit fell 24.9% to RM21.4 million from RM28.5 million a year earlier, with revenue dropping 13.4% to RM305.7 million (FY2021: RM353.0 million).</p> <p>The weaker performance was mainly due to its core furniture segment, which registered a 14.9% decline in revenue to RM154.6 million and a 14.8% fall in operating profit to RM25.3 million in FY2022.</p>
14.12.22 (Wed) 10.00 am	Uzma Berhad (AGM)	<p>For FY2022, Uzma Berhad recorded a decrease in revenue of RM11.1 million or 3% to RM377.9 million, from RM389.0 million in the previous year. The income recorded for FY2022 was still below pre-pandemic levels.</p> <p>Revenue was mainly generated by the O&G Upstream Services segment (RM350.5 million), while the New Energy segment has shown significant growth with a revenue contribution of RM27.0 million from the solar business unit.</p>
14.12.22 (Wed) 10.00 am	EcoFirst Consolidated Bhd (EGM)	<p>The company is proposing to acquire the remaining 49% equity interest in BCM Holdings Sdn Bhd (BCM), not owned by EcoFirst for a cash consideration of RM78.4 million.</p>
15.12.22 (Thur) 09.30 am	Kim Teck Cheong Consolidated Berhad (AGM)	<p>KTC registered a 5.5% growth in revenue to RM705.84 million in FY2022. This was mainly due to the increase in its core business - distribution of the CPG segment - which accounted for 97.9% of the Group's total revenue for FY2022.</p> <p>Meanwhile, profit before tax surged 115% to RM29.5 million, in line with the increase in revenue coupled with</p>

		<p>lower expenses and finance costs due to effective cost control measures and improved cash flow management.</p>
15.12.22 (Thur) 10.00 am	Berjaya Corporation Berhad (AGM)	<p>The Group's total revenue rose to RM8.16 billion (FY2021: RM7.46 billion), marking a 9% increase.</p> <p>Profit before tax was RM230.57 million compared to a pre-tax loss of RM260.39 million in FY 2021.</p> <p>The improved performance was attributable to the recovery of the Retail and Hospitality business segments.</p> <p>Moving forward, the Group expects to benefit from the positive momentum of the recovery of economic activities.</p>
15.12.22 (Thur) 10.00 am	P.A. Resources Berhad (AGM)	<p>P.A. Resources recorded its best-ever financial performance in FY2022.</p> <p>Its revenue jumped 47% to RM411.3 million, while net profit increased by 38% to RM43.5 million.</p> <p>The growth in net profit was mainly due to higher revenue, the better economy of scale, forex gain, and cost savings measures.</p> <p>It achieved a higher return on equity of 22% in FY2022 compared to 21.2% in FY2021.</p>
15.12.22 (Thur) 10.30 am	CME Group Berhad (AGM)	<p>For FY2022, CME recorded a revenue of RM15.95 million compared to RM4.15 million last year. Despite the increase in revenue, it recorded a net loss of RM5.15 million.</p> <p>CME's external auditor, Messrs Kreston John & Gan, continued to highlight the existence of a material uncertainty which may cast significant doubt about CME's ability to continue as a going concern.</p> <p>Notably, this is also the sixth statement of "Material Uncertainty Related to Going Concern" issued by CME external auditors since FY2016.</p>
15.12.22 (Thur) 11.00 am	Tomypak Holdings Berhad (AGM)	<p>After an unfortunate fire incident ravaged its Senai manufacturing plant, Tomypak is in recovery mode</p>

		<p>to restore its manufacturing operation at the Tampoi plant.</p> <p>For the 18-month financial period ended 30 June 2022, it suffered a net loss of RM 99.86 million, mainly due to the write-off of assets worth RM180 million destroyed in the fire incident.</p> <p>On top of that, its auditor had highlighted the use of a going concern basis in preparing the financial statement. Its shareholder's equity is declining, triggering the concern that it would slip to PN17 status in the near term.</p>
16.12.22 (Fri) 10.00 am	Hiap Teck Venture Berhad (AGM)	<p>In FY2022, the Group recorded a 46% increase in revenue to RM1.58 billion (FY2021: RM1.08 billion). Against a challenging economic and operating environment, the Group recorded a net profit of RM156.01 million, a marginal decrease of 4.5% compared to the record high profit of RM163.43mil achieved in FY2021.</p> <p>The Group's JV entity, Eastern Steel Sdn Bhd. (ESSB) contributed RM52.70 million (FY2021: RM76.01 million) to Group's profits.</p>

One of the points of interest to be raised:	
Company	Points/Issues to Be Raised
Borneo Oil Berhad (AGM)	<p>In May 2022, Borneo Oil announced that its wholly owned subsidiary, Borneo Oil & Gas Corporation Sdn Bhd had completed the interim exploration works on Zone D and H (collectively covering an area of 14.29 ha) at Bukit Ibam Gold Prospect. The Prospecting Area covers two mining licenses comprising 187 ha (462.08 acres) and 175.04 ha (432.53 acres).</p> <p>The interim report on exploration works done on Zone D and H pointed out that the overall potential for this combined area is estimated to be 400,000 tons of ore containing approximately 200kg of gold with an average grade of between 0.3 and 0.5 g/t Au.</p> <p>How far is the Company from completing the gold exploration works on the eight zones (Zone A to H) and proceeding to the extraction stage?</p>
KPJ Healthcare Berhad (EGM)	<p>KPJ's FY2021 earnings would have increased by RM1.17 million from RM51.03 million to an estimated RM52.20 million, assuming the proposed sale and leaseback were completed at the beginning of FY2021 (as illustrated on page 17 of the Circular). The increase, however, includes non-recurring items: the gain</p>

	<p>on sale of properties of RM3.82 million and estimated expenses in relation to the proposals of RM2.10 million.</p> <p>Factoring out the one-off gains and expenses, the proposals seem to have a negative effect on KPJ's core earnings over the longer term. Please share your thoughts on this.</p>
Berjaya Land Berhad (AGM)	<p>The Group reported a higher pre-tax loss of RM100.3 million in the financial year under review compared to a pre-tax loss of RM42.23 million registered in the previous financial year mainly due to the provision of partial impairment on the balance of sale proceeds of the Great Mall Project amounting to RM197.8 million given the prolonged and arduous enforcement procedures of the arbitration award. (page 11 of AR 2022)</p> <p>What is the likelihood of further impairment being made? What is the probability of recovering the existing impairment?</p>
KNM Group Berhad (AGM)	<p>The maturity profile of the Group's financial liabilities shows a carrying amount of RM1,704 million, of which RM1,565 million of the financial liabilities are due in less than 1 year. (page 155-156 of AR 2022).</p> <p>a) Please explain the reasons for the high concentration of the Group's short term financial liabilities (due less than 1 year).</p> <p>b) What are the Group's plans to meet these financial obligations particularly the Thai bonds (RM365 million) and the unsecured EUR-denominated term loans (RM454 million)?</p>
Jaycorp Berhad (AGM)	<p>The furniture segment remains the Group's core business. The increasing production costs (especially raw material and labour cost) and sluggish orders from customers faced by the Group may affect the financial performance of this segment (page 20 of AR 2022).</p> <p>a) Please provide some key insights into why the furniture industry is experiencing sluggish demand. Based on your industry outlook, how much of a decline in orders (in percentage terms) are you expecting in FY2023?</p> <p>b) Has the Group experienced an industry down-cycle such as the current one? If so, how different are the challenges in this cycle compared to those in the past? When do you expect to see a recovery in demand?</p> <p>c) What are your expectations for profit margins in FY2023? Have your key input costs continued to rise or is it moderating?</p>
Uzma Berhad (AGM)	<p>1. Included in other receivables of the Group is an amount of RM4,682,000 (2021: RM4,682,000) which represents materials purchased in advance for customers. The installation services had yet to be performed at the end of the reporting period. (Page 217 of AR)</p> <p>a) Why were the materials valued at RM4.68 million purchased in advance before the start of the contract?</p>

	<p>b) Why has the project been delayed for two years?</p> <p>c) What is the nature of the project and the value of the contract?</p> <p>d) Will the Company be able to claim any compensation if the contract is eventually terminated? If yes, what will be the compensation amount?</p> <p>e) When is the project expected to start?</p> <p>2. The Group has written down the value of inventories amounting to RM2.2 million in FY 2022 as compared to RM0.12 million in FY 2021. (Page 164 of AR)</p> <p>a) What was the reason for the high inventories written down?</p> <p>b) Please provide the nature of the inventories and amount that was written down in FY 2022.</p>
EcoFirst Consolidated Bhd (EGM)	<p>Ecofirst Horizon Sdn Bhd ("EHSB") is holding 1.6 acres effective interest in a landbank whereby EcoFirst is in the process of disposing its entire 51.0% equity interest in EHSB as set out in Section 12(ii) of Part A of this Circular. (Page 11 of the Circular)</p> <p>a) Why is the Group selling the 1.6 acres of land?</p> <p>b) Where is the location of the land?</p> <p>c) What is the selling price of the land?</p> <p>d) How was the selling price of the land arrived at?</p> <p>e) Has the land been developed? If yes, what is the stage of development?</p> <p>f) What is the financial impact to the Group from the disposal of EHSB?</p>
Kim Teck Cheong Consolidated Berhad (AGM)	<p>The Group is optimistic of the distribution business and expect its performance to be satisfactory in the coming year. Additionally, the Group will expand the bakery manufacturing business under the Gardenia brand by venturing into Indonesia. (page 12 of AR 2022)</p> <p>a) What is the targeted revenue growth for the distribution business in FY2023?</p> <p>b) What is the budgeted capex for FY2023? How much is for distribution business vs manufacturing of bakery products?</p> <p>c) What is the latest status of PT Gardenia Bakeries Indonesia? What is the estimated capex and production capacity for the new manufacturing plant in Indonesia? When do you expect to start operations?</p>

<p>Berjaya Corporation Berhad (AGM)</p>	<p>Out of 17 Sustainable Development Goals ("SDGs"), the Sustainability Working Group ("SWG") initially identified 10 SDGs that were deemed relevant to BCorp's businesses. Upon further assessment, SWG proposed that BCorp prioritise 5 SDGs with 13 targets and indicators. One of the 5 SDGs is to "Ensure sustainable consumption and production patterns" with 4 targets & indicators. (page 32 of AR 2022)</p> <p>What are the targets and indicators and timelines? What have been the achievements to date?</p>
<p>P.A. Resources Berhad (AGM)</p>	<p>In March 2022, the Group's major customer, First Solar, extended the existing Supply Agreement with PAE from 1 July 2023 to 1 July 2024. The approximate value of the contract is RM550 million. (page 9 of AR 2022)</p> <p>a) What are the products that PAE supplies to First Solar? Is PAE the sole supplier of these products to First Solar?</p> <p>b) First Solar accounted for 84% of the Group's revenue in FY2022. How does the Group manage the high customer concentration risk?</p> <p>c) How long does it take to pass on the higher/lower cost to First Solar?</p> <p>d) What are your competitive advantages against your competitors which allow you to secure contracts from First Solar?</p>
<p>CME Group Berhad (AGM)</p>	<p>CME's external auditor Messrs Kreston John & Gan, continued to highlight the existence of a material uncertainty which may cast significant doubt about CME's ability to continue as a going concern.</p> <p>A snapshot of CME's financial performance is as below:</p> <ul style="list-style-type: none"> - As of 30 June 2022, the Group and the Company incurred accumulated losses of RM72 million and RM73.95 million respectively. - For FY2022, the Group recorded a revenue of RM15.95 million compared to RM4.15 million last year. Despite the increase in revenue, it recorded a net loss of RM5.15 million. - The Group and the Company's current liabilities exceeded their current assets by RM19.7 million and RM41.22 million respectively (page 44, Independent Auditors' Report, AR2022). <p>Notably, this is also the sixth statement of "Material Uncertainty Related to Going Concern" (MUGC) issued by CME external auditors since FY2016.</p> <p>Considering the persistent MUGC highlighted by the auditor and the ballooning accumulated losses, should the Company not adopt different strategies or business direction to turn around its performance?</p>

	Would the Board consider roping in more qualified and experienced directors or senior executives to turn around the Company?
Tomypak Holdings Berhad (AGM)	<p>Tomypak recorded a net loss of RM99.86 million for the 18-month financial period ended on 30 June 2022 mainly due to the write-off of assets ((property, plant and equipment and inventories) worth RM180 million destroyed in the fire incident at Senai Plant.</p> <p>This was also the fourth consecutive year of losses posted by Tomypak.</p> <p>As of 30 June 2022, the Company's total shareholders' equity amounted to RM87.77 million against total share capital of RM133.63 million. This led to concern that Tomypak would slip into Practice Note 17 status, should the loss-making condition persist while the Company is yet to fully recover from the fire incident.</p> <p>a) Please enlighten shareholders on the profitability of Tomypak in the near term.</p> <p>b) When will the Group be able to reverse its loss-making status?</p>
Hiap Teck Venture Berhad (AGM)	<p>Despite recording the highest revenue and profit from operations since FY2018, the Group's gross profit margin (GPM) reduced to 11.80% (RM186,761,000/RM 1,583,278,000*100) in FY2022 from 15.70% (RM169,898,000/RM1,081,939,000*100) in FY2021 (Page 73 of the Annual Report 2022).</p> <p>a) What are the reasons for the decline in the GPM?</p> <p>b) In what ways can the Group improve the GPM? What is the outlook for the GPM in FY2023?</p>

MSWG TEAM

Devanesan Evanson, Chief Executive Officer, (devanesan@mswg.org.my)

Rita Foo, Head, Corporate Monitoring, (rita.foo@mswg.org.my)

Norhisam Sidek, Manager, Corporate Monitoring, (norhisam@mswg.org.my)

Lee Chee Meng, Manager, Corporate Monitoring, (chee.meng@mswg.org.my)

Elaine Choo Yi Ling, Manager, Corporate Monitoring, (elaine.choo@mswg.org.my)

Lim Cian Yai, Manager, Corporate Monitoring, (cianyai@mswg.org.my)

Ooi Beng Hooi, Manager, Corporate Monitoring, (ooi.benghooi@mswg.org.my)

Jackson Tan, Manager, Corporate Monitoring, (jackson@mswg.org.my)

Clint Loh, Manager, Corporate Monitoring, (clint.loh@mswg.org.my)

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•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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