

MINORITY SHAREHOLDERS WATCH GROUP
BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia – Registration No.: 200001022382 (524989-M))

New Straits Times, Business Times – Monday 26 February 2024

MSWG AGM/EGM WEEKLY WATCH 26 FEBRUARY – 1 MARCH 2024

MSWG had issued AGM/EGM letter to the following PLCs for their shareholders meeting held from 26 February – 1 March 2024.

The extraction of the question raised in the letter is highlighted here. For the details of other questions, please login to MSWG website at www.mswg.org.my.

One of the points of interest to be raised:

Company	Points/Issues to Be Raised																								
EITA Resources Berhad (AGM)	<ol style="list-style-type: none"> The decrease in the Group's profit before tax was mainly due to the high voltage system segment which registered a loss before tax of RM8.1 million. This was a result of lower revenues, higher project costs, especially for the underground cable projects and a higher provision for liquidated ascertained damages ("LAD"). <ol style="list-style-type: none"> Has the underground cable project been completed? If not, please provide the expected completion date. How does the provision of liquidated ascertained damages arise? Is the Group expecting additional provision for the LAD? How do the uncertainties in major economies, weakening trade dynamics against a backdrop of supply chain disruptions and the ongoing trade tensions affect the margin of the Group in view that the PAT margin decreased from 5.19% for the FYE 2022 to 2.31% for the FYE 2023. Please quantify the impact, where applicable. To also provide the specific measures taken to address the aforementioned challenges. 																								
Melati Ehsan Holdings Berhad (AGM)	<ol style="list-style-type: none"> As at 31 August 2023, the trade receivables of the Group net of impairment losses amounted to RM148.4 million which represented 37% of the Group's total assets. Of the trade receivables, 90% have already past due the credit terms of more than 120 days and 81% are due from one major customer. [Pages 69 to 72 of AR2023] <ol style="list-style-type: none"> Is this major customer an ongoing customer or a past customer; and related to which project? If this major customer is an ongoing customer, how much longer until the project is completed? What is the range of trade credit terms that are granted to this customer and what is the average payment period (i.e., number of days between issuance of payment certificate and receipt of payment)? Given that the Group has already recorded negative operating cashflow in the past two consecutive years, does the Group plan to negotiate a shorter payment term with this major customer? The revenue of the Construction Segment increased 147% to RM64.3 million as compared to FY2022. However, the gross profit margin of the Construction Segment had fallen to 18% from 55% in FY2022. [Pages 81 and 82 of AR2023] <ol style="list-style-type: none"> Which construction project contributed to the increase in revenue? What are the factors that lead to the lower gross profit margin of the Construction Segment in FY2023? 																								
JCY International Berhad (AGM)	<p>The Group consistently faced a challenge where the cost of sales surpassed revenue, even before the onset of the Covid era (Annual Report (AR) 2019-2023)</p> <table border="1"> <thead> <tr> <th>FYE</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>1,037.10</td> <td>1,076.00</td> <td>1,055.30</td> <td>830.60</td> <td>475.40</td> </tr> <tr> <td>COGS</td> <td>1,066.60</td> <td>1,034.10</td> <td>1,069.70</td> <td>873.60</td> <td>561.16</td> </tr> <tr> <td>Operating Profit/Loss</td> <td>-29.50</td> <td>41.90</td> <td>-14.40</td> <td>-43.00</td> <td>-85.76</td> </tr> </tbody> </table> <p>What are the root causes of this high cost of sales, and what measures does the Group have to improve the cost structure, especially considering the positive trajectory for aluminium price?</p>	FYE	2019	2020	2021	2022	2023	Revenue	1,037.10	1,076.00	1,055.30	830.60	475.40	COGS	1,066.60	1,034.10	1,069.70	873.60	561.16	Operating Profit/Loss	-29.50	41.90	-14.40	-43.00	-85.76
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