



MINORITY SHAREHOLDERS WATCH GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

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

The Observer

Minority Shareholders Watch Group is now on LinkedIn. The presence at LinkedIn is to create a better social media presence and engage with our stakeholders more effectively. Do follow MSWG's LinkedIn account at <https://www.linkedin.com/company/mswg-malaysia/> and share your thoughts with us from time to time. Do also follow MSWG's Twitter account at @MSWGMalaysia.

18.11.2022

❖ Of potential GE15 outcomes

So, it can be safely said that the whole of Malaysia is gearing up for the 15th General Election (GE15) on 19 November 2022, in which Malaysians will cast their votes to elect the new members of the Parliament and subsequently see the formation of a new government for the next five years.

A total of 939 candidates, with a record 107 independent candidates, will contest for 221 out of 222 seats (except Padang Serai) in GE15.

The outcome of GE15 has become one of the most heated discussions among the investing public as it will set the tone for the country's direction for the next five years.

Bursa Malaysia Berhad and its subsidiaries are closed this Friday (18 November 2022) in conjunction with the special holiday announced by the caretaker Prime Minister Dato' Sri Ismail Sabri Yaakob.

Possible outcomes

Since GE14, there have been two changes in the Prime Minister post – from Tun Mahathir Mohamad to Tan Sri Muhyiddin Yasin on 1 March 2020, and to Ismail Sabri on 21 Aug 2021. Consequently, there have been two changes at the federal government level - from Pakatan Harapan (PH) to Perikatan Nasional (PN) in March 2020 and to UMNO/BN-led Government (+ PN) in Aug 2021.

Will the Barisan Nasional (BN) coalition make a comeback, or will Malaysians vote to keep things status quo despite the fragmented alliances formed by political parties?

Toward this end, research houses and think tanks have outlined several “plausible and generic” outcomes of GE15 at the parliamentary level.

Maybank Investment Bank Research (Maybank IB Research) and Merdeka Center for Opinion Research had provided their respective thoughts on the four plausible outcomes of GE15.

These possible outcomes are:

Scenario 1 – The UMNO-led BN wins the most number of the 222 Parliament seats but is short of a simple majority.

Scenario 2 - UMNO-led BN plus Sarawak GPS secure better than a simple majority, though it could still be short of a two-thirds majority win.

Scenario 3 - Opposition leader Datuk Seri Anwar Ibrahim-led PH on its own – or in some form of a more extensive Opposition alliance – wins a simple or potentially “strong, formidable, convincing” majority.

Scenario 4 – “Uncharted waters” with a new – rather than the tried and tested – coalition Government.

The first scenario would necessitate the coalition to team up with Sarawak’s GPS (Gabungan Parti Sarawak) and PAS – and possibly the PN if the alliance can win some Parliament seats – to form a simple majority government.

In a research note dated 11 October 2022, Maybank IB said that while the number is not enough to pass all laws as some require two-thirds of the Dewan Rakyat support – namely those related to the Federal Constitution amendments – it is sufficient to pass the confidence and supply bills, especially Federal Government budgets.

The second scenario would mean a strong and stable government, and hopefully with the political will to undertake broader and bolder reforms. However, there is a risk of inertia or even back-peddalling due to the “comfort zone” of the strong and stable government compared with the past two to three years.

Under this structure, we may see more development allocation from the Federal Government to Sabah and Sarawak and further progress in granting “autonomy” for the two states, said Maybank IB.

As for the third scenario, the expectations will be very high for reformation, potentially including race-and-religion-based politics and policies.

Under this scenario, a key thing to watch out for is whether PH will discard or tone down some of its policies in its GE14 election manifesto which had affected market confidence, e.g., cancellation/review of major infra projects; “breaking up” and/or exerting more influence/control over public listed monopolies (including abolishing highway tolls).

Lastly, we also may see a “minority” government due to a “hung” Parliament outcome or a stalemate among parties in forming a coalition government with a simple majority. This will present a period of uncertainty and discovery for everyone, including the economy and the market.

On the other hand, Merdeka Center’s co-founder and Programs Director Ibrahim Suffian believed BN might not have it easy in GE15 (as previously thought) as there has been a surge in the intention to vote by non-Malay voters, which could change the dynamics of the election outcome.

He assigned the probability of scenarios 1 and 2 (BN winning) at 30% each, scenario 4 (hung parliament) at 30 - 35%, and scenario 3 (PH winning) at 5 - 10%.

Meanwhile, Fitch Solutions Country Risk and Industry Research predicted a more than two-thirds chance of the BN coalition returning to power, though there is a "significant likelihood" of a hung parliament.

If this happens, the research house expects a new BN government to lead to greater state intervention in the economy, including the reintroduction of the goods and services tax (GST) which would bode well for the nation's medium-term fiscal outlook.

CGS-CIMB Research thinks the stock market has probably priced in the impact of the BN-led win in GE15. This would mean that Budget 2023 could be passed by December 2022. However, if the election outcome is a hung parliament, the market would see some corrections due to concerns of continued political stability post-GE15.

Whatever the outcome, capital markets thrive on certainty and predictability. Investors, both local and foreign, also prefer the certainty and predictability of policies. Minority shareholders would have made their informed investment decisions.

Now to await with bated breath.

Devanesan Evanson
Chief Executive Officer

MSWG AGM/EGM Weekly Watch 21 – 26 November 2022

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.

Date & Time	Company	Quick-take
21.11.22 (Mon) 03.00 pm	SMTRACK Berhad (EGM)	The EGM is to seek shareholders' approval for the proposed acquisition of 30% equity interest in V Ultimate Sdn Bhd for RM18.0 million to be fully satisfied via the issuance of 211.76 million new SMTrack shares. Upon completion of the exercise, V Ultimate will be a subsidiary of SMTrack. With that, the Company will diversify its business activities to include the provision of beauty and wellness products and services.
22.11.22 (Tue) 10.00 am	Yong Tai Berhad (AGM)	Yong Tai's revenue declined by 37.2% to RM71.8 million in FY2022 compared to RM114.3 million a year ago.

		<p>Meanwhile, its net loss widened to RM346.6 million in FY2022 compared to a net loss of RM8.3 million in FY2021.</p> <p>The massive losses recorded by the Group were mainly due to the RM311.6 impairment loss recorded to reflect the uncertain outlook for the tourism industry, which was severely affected by the COVID-19 pandemic.</p>
23.11.22 (Wed) 10.00 am	Matang Berhad (AGM)	The Group's revenue from the sales of FFB increased by 28.7% to RM17.63 million in FY2022, mainly due to the increase in FFB prices by 65.7%. On the other hand, its pre-tax profit rose 37.6% to RM8.61 million from RM6.26 million in FY2021. Since its business diversification into durian plantations in November 2019, it has converted 104.6 hectares of its oil palm plantation in Matang Estate for durian planting.
23.11.22 (Wed) 10.00 am	Seacera Group Berhad (AGM)	For FY2022, the Group recorded revenue of RM70.3 million (FY2021: RM4.4 million) and pre-tax profit of RM6.9 million (FY2021: RM6.1 million). The significant increase in revenue was mainly due to higher contributions from the trading of building materials arising from new customer orders on project basis.
23.11.22 (Wed) 10.00 am	MTAG Group Berhad (AGM)	<p>MTAG's revenue declined by 7.0% to RM180.2 million in FY2022, mainly due to the impact arising from the COVID-19 pandemic and the resultant operational disruptions.</p> <p>Converting business accounted for 81.4% of its FY2022 revenue with the remaining contributed by the distribution segment.</p> <p>Meanwhile, net profit fell 10.5% to RM30.1 million in FY2022 on lower revenue and lower forex gain recorded due to the stronger US Dollar and the provision for slow-moving stocks.</p>
23.11.22 (Wed) 10.00 am	Pecca Group Berhad (AGM)	Pecca achieved a 13.6% growth in revenue to a record high of RM164.39 million in FY2022 despite a shorter operating period of 10.5 months. The higher revenue was driven by the

		<p>automotive division. Meanwhile, its net profit improved by 18.8% to RM22.84 million in FY2022. Moving forward, the Group is optimistic about its business prospects given the strong car sales orders in the OEM automotive sector, and the expansion of the Replacement Equipment Manufacturer (REM) into oversea markets.</p>
<p>23.11.22 (Wed) 10.00 am</p>	<p>Malton Berhad (AGM)</p>	<p>Despite a lower revenue of RM645.2 million (FY2021: RM999.2 million), Malton posted higher pre-tax profit of RM129.5 million in FY2022 compared RM22.6 million a year ago</p> <p>The 35.4% decrease in revenue was attributed to a weaker financial performance in the first half of FY2022 due to the spiralling effects of MCO, completion of some property development and construction projects and deferment of new launches.</p> <p>Nonetheless, higher billings were achieved from the ongoing projects.</p>
<p>23.11.22 (Wed) 11.00 am</p>	<p>Inari Amertron Berhad (AGM)</p>	<p>The Group's revenue soared to a record high of RM1.55 billion (2021: RM1.43 billion) since it went public in 2011. Meanwhile, its net profit increased by 18.3% y-o-y to RM391.2 million (2021: RM330.7 million). Overall, the improved performance was primarily attributed to higher revenue growth in the RF business segment and greater cost efficiency and productivity.</p>
<p>23.11.22 (Wed) 12.30 pm</p>	<p>Inari Amertron Berhad (EGM)</p>	<p>Inari Amertron has proposed to establish an ESOS program of issuing and allocating up to 10% of its total issued shares to eligible directors, including independent non-executive directors (INEDs).</p> <p>In line with better CG, MSWG does not encourage the practice of giving options to INEDs as they do not play an executive role in the Company and are responsible for monitoring the option allocation to employees and executive directors. As such, MSWG will vote against resolutions relating to ESOS options allocation to INEDs.</p>

<p>23.11.22 (Wed) 03.00 pm</p>	<p>EcoFirst Consolidated Bhd (AGM)</p>	<p>Ecofirst saw its revenue decline by 43.3% y-o-y to RM24.0 million, compared to RM42.4 million in the previous year.</p> <p>This was the second consecutive year of decline in revenue recorded by Ecofirst as it had to delay the launch of several property projects due to the negative impacts of COVID-19 restrictions. This has led to a lower revenue contribution from the Group's property development segment.</p> <p>The Group recorded a net loss of RM12.2 million in FY2022 compared to a net profit of RM14.0 million in FY2021.</p>
<p>24.11.22 (Thur) 10.00 am</p>	<p>AWC Berhad (AGM)</p>	<p>AWC posted record revenue of RM355.2 million for FY2022 compared to RM343.9 million in the previous financial year.</p> <p>However, it reported lower earnings of RM21.5 million during the year compared to the record-high profit of RM26.1 million in FY2021.</p> <p>On another note, the remuneration of AWC's group managing director Dato' Ahmad Kabeer Mohamed Nagoor had increased by 12.4% y-o-y to RM3.81 million in FY2022 from RM3.39 million in FY2021, which included a bonus payment of RM1.08 million (FY2021: RM900,000).</p> <p>Compared to executives of its peers such as UEM Edgenta Berhad, his remuneration is more than double of UEM Edgenta, despite AWC recording just half of the former's net profit in FY2022.</p>
<p>24.11.22 (Thur) 10.00 am</p>	<p>Awanbiru Technology Berhad (AGM)</p>	<p>The Group posted a 13.9% decline in revenue to RM90.3 million in FY2022, against RM104.9 million a year ago.</p> <p>Thanks to the improved margins in its software and services segment and higher revenue from the talent segment, which carried a higher gross profit margin, it returned the black with a net profit of RM4.2 million compared to a net loss of RM7.0 million in FY2021.</p>

25.11.22 (Fri) 09.00 am	Key Asic Berhad (AGM)	Its revenue for FY2022 was slightly lower at RM13.59 million compared to RM13.88 million in FY2021 because of lower demand for non-recurring engineer services. For FY2022, the net loss widened to RM8.64 million versus a net loss of RM7.96 million a year ago. The loss is primarily attributed to lower other income recorded in FY2022.
25.11.22 (Fri) 10.00 am	Sern Kou Resources Berhad (AGM)	Sern Kou's revenue for FY2022 rose 4.2% to RM338.3 million from RM324.7 million in the previous year, predominantly owing to stronger contributions from the processing and trading of the wood segment. It posted a lower net profit of RM9.2 million in FY2022 compared to RM17.6 million a year ago due to higher input costs.
25.11.22 (Fri) 10.00 am	Golden Land Berhad (AGM)	The Group's revenue decreased y-o-y by 29% to RM59.3 million (FY2021: RM83.9 million) due to lower revenue contribution from its property development segment. The Group also witnessed a higher net loss of RM22.2 million compared to a net loss of RM20.6 million in FY2021, mainly due to impairment loss of prepayment for obtaining land use rights of RM7.2 million.
25.11.22 (Fri) 10.00 am	Padini Holdings Berhad (AGM)	For FY2022, the Group achieved consolidated revenue of RM1.32 billion, representing a 28.1% growth from RM1.03 billion in the previous year. The higher sales were due to the relaxation of nationwide lockdowns and the rapid rollout of vaccination programs which have boosted foot traffic to its outlets. With the top-line growth and improved gross profit margin, its pre-tax profit increased by 176.6% to RM205.1 million from RM74.1 million in the previous financial year.
25.11.22 (Fri) 10.00 am	Jaya Tiasa Holdings Bhd (AGM)	The Group's revenue improved by 12% y-o-y to RM810.8 million (2021: RM723.4 million), mainly driven by the more robust market demand for palm oil products and the higher CPO price. In tandem with the higher revenue achieved, the Group recorded a pre-tax profit of RM200.6

		million, 163% higher than the RM76.1 million reported in 2021.
25.11.22 (Fri) 10.30 am	Paos Holdings Berhad (AGM)	Paos saw its pre-tax loss widened to RM2.83 million from RM0.44 million a year ago on the back of a 6.5% decline in revenue to RM378.67 million (FY2021: RM404.86 million). The lower sales recorded were mainly due to the lower trading volume of fuel oil.
25.11.22 (Fri) 11.00 am	Ucrest Berhad (AGM)	Ucrest's revenue was down by half to RM12.3 million in FY2022 compared to RM25.5 million in the previous year. As a result, it turned to loss-making in the year with a net loss of RM35.1 million, mainly due to lower sales, higher cost of sales, administrative expenses, and impairment losses on trade receivables.
25.11.22 (Fri) 11.00 am	Insas Berhad (AGM)	<p>Insas had entered into a share sale and purchase agreement with SYF Resources Berhad (SYF) back in October 2021 for the proposed disposal of its 100% equity interest in M&A Securities Sdn Bhd to SYF for RM222 million, to be fully satisfied by the issuance of new shares in SYF.</p> <p>Post-completion of this exercise, SYF will become a 62.56% subsidiary of Insas.</p> <p>As of the time of writing, the transaction is still pending completion.</p>
25.11.22 (Fri) 03.00 pm	Pestech International Berhad (AGM)	<p>In FY2022, Pestech's operation was affected by supply chain disruptions, logistics unpredictability, the surge in material price, funding cost escalation and foreign exchange fluctuation. As a result, it reported revenue of RM715.09 million, representing a decline of 19.6% from RM889.36 million in FY2021. Its profit declined by 63.6% to RM37.33 million compared to RM102.68 million in FY2021.</p> <p>Moving forward, the Group is confident in sustaining its operation for at least two financial years, backed by the Group's outstanding order book of RM1.73 billion as of 30 June 2022.</p>
26.11.22 (Sat) 09.00 am	icapital.Biz Berhad (AGM)	Closed-end fund icapital.biz posted a 4.8% increase in its net asset value

		<p>to RM446.18 million in FY2022, compared to RM425.83 million in the year before.</p> <p>Since the fund's inception on 19 October 2005, the fund has achieved an annualised compound return of 7.68%, compared to 1.99% for the MSCI Malaysia Index.</p>
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One of the points of interest to be raised:	
Company	Points/Issues to Be Raised
SMTRACK Berhad (EGM)	<p>1. The Proposed Acquisition represents an opportunity for the Group to venture into the beauty and wellness business without any cash outlay at the Purchase Consideration. (page 16 of the Circular)</p> <p>Although the Proposed Acquisition does not involve any cash outlay, but the issuance of new shares as purchase consideration is dilutive to shareholders and SMTrack will be assuming the Acquiree Companies' total borrowings of RM15.01 million (page 13 of the Circular), did the basis for arriving at the Purchase Consideration of RM18 million took into consideration the Acquiree Companies' total borrowings of RM15.01 million?</p> <p>2. As the Acquiree Companies are private companies, the management of SMTrack has applied a constant illiquidity discount of 1% to compensate for the lack of liquidity/marketability of the shares of the Acquiree Companies. (page 11 of the Circular) What is the basis and justification to adopt the lowest illiquidity discount of 1%?</p>
Yong Tai Berhad (AGM)	<p>Included in sundry receivables of the Group and of the Company are amount of RM11,195,498 and RM18,806 (2021: RM13,410,180 and RM10,253) respectively due from companies in which certain directors of the Company have interest. This amount is unsecured, interest free and repayable upon demand. (Page 99 of AR)</p> <p>a. Please provide the name of the directors who have interest in the companies that owe the RM11,195,498 in FY 2022.</p> <p>b. What is the nature of the amount owed by these companies and how did they arise?</p> <p>c. When are these companies expected to repay the amount owed to the Group?</p> <p>d. Why did the Group not exercise its option for repayment upon demand on the debt owned by these companies as the Group's operation has been supported by bank overdrafts?</p>

<p>Matang Berhad (AGM)</p>	<p>The Group has completed the development of its First Durian Plantation (DP1) measuring about 46.6 hectares (ha) in February 2021. Another 58.0 ha within Matang Estate has been cleared and progressively planted with durian seedlings under Second Durian Plantation (DP2). Going forward, the Group intends to further enhance the hectareage for durian plantations. (page 16 and 18 of Annual Report (AR) 2022)</p> <p>a) How much was the capex for DP1? What is the estimated capex for DP2?</p> <p>b) How much of the remaining oil palm plantation of 975.39 ha is expected to be converted to durian plantation?</p> <p>c) What is the Group's eventual target plantation area for durian plantation?</p>
<p>Seacera Group Berhad (AGM)</p>	<p>The total cost incurred to engage the internal audit function of the Group for the financial year under review amounted to RM11,000 (Page 43 of the Annual Report 2022).</p> <p>Given that the fee is rather small (approximately RM917 per month), how does the audit committee assure itself that there would be adequate coverage 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>
<p>MTAG Group Berhad (AGM)</p>	<p>MTAG has established itself in the southern region of Malaysia and the Group targets to expand its geographical footprint in the central and northern regions going forward. At the same time, MTAG also aims to diversify its clientele base to include other industries such as food and beverage (F&B) and technology. With its technical expertise, proven track record and new capabilities, MTAG is optimistic on this front. (page 20 of AR 2022)</p> <p>a) Please explain more on your expansion to other regions in the country. How much of your revenue in FY2022 were from these regions?</p> <p>b) How much of MTAG's revenue was from EMS customers in FY2022 vs FY2021?</p> <p>c) Have you engaged with any potential customers from the F&B and technology industries?</p>
<p>Pecca Gorup Berhad (AGM)</p>	<p>On 12 January 2022, Pecca Leather Sdn Bhd has entered into a Sale and Purchase Agreement with UMW Development Sdn. Bhd. for the acquisition of a 4.31 acres land in Serendah, Selangor for RM8.45 million. The transaction has been completed on 28 June 2022. The company intends to build and construct its second manufacturing facility, which will double the Group's capacity once the factory is completed at the end of 2023. (page 20 of Annual Report (AR) 2022)</p> <p>a) What is the total capex for this new plant? Please provide the breakdown of the capex. (e.g. construction cost for new factory, purchase of new machineries, working capital etc)</p>

	<p>b) What is the total production capacity for this plant? What is the expected utilization rate after one year of operations? When do you expect to run at optimal capacity?</p>
Malton Berhad (AGM)	<p>The Group recorded a reversal of allowance for impairment loss on other receivables amounting to RM16.7 million in FY 2022 as compared to a reversal of RM1.7 million in FY 2021. (Page 84 of AR)</p> <p>a) What circumstances led to the reversal of allowance for impairment loss on other receivables in FY 2022?</p> <p>b) Is there any amount of impairment allowance on other receivables that has yet to be reversed? If yes, what is the amount?</p> <p>c) Is there a possibility of another reversal of allowance for impairment loss on other receivables in FY 2023? If yes, what is the expected amount?</p> <p>d) Please provide the name of the other receivables that recorded the impairment reversal.</p>
Inari Amertron Berhad (AGM)	<p>Non-audit fees increased significantly to RM406,000 (2021: RM111,000), an increase of more than 3.6 times as compared to previous year and is about 103.8% of the Group's audit fees of RM391,000 (2021: RM357,000). (page 134 of AR2022)</p> <p>a. What is the key breakdown of the Group's non-audit fees?</p> <p>b. One of the non-audit services rendered by Grant Thornton Malaysia PLT included limited review which the Group incurred RM200,000 (2021: Nil) for the limited review of interim financial information (Note 24, page 223 of AR2022). Is the limited review one off in nature or is the Group expected to incur further expenses on limited review, going forward?</p>
EcoFirst Consolidated Bhd (AGM)	<p>The property development segment recorded a much higher loss after tax RM24.3 million in FY 2022 as compared to a loss after tax of RM7.65 million in FY 2021.</p> <p>The External revenue from the property development segment was much lower at RM9.35 million in FY 2022 as compared to RM28.2 million in FY 2021. (Pages132 & 133 of AR)</p> <p>a) What was the reason the property development segment recorded a lower external revenue but a higher loss after tax in FY 2022.</p> <p>b) What is the outlook of the property development segment in FY 2023?</p>
AWC Berhad (AGM)	<p>Despite being the second largest revenue contributor to the Group, the Environment division is the largest profit contributor to AWC. The division recorded a segment result of RM25.56</p>

	<p>million (FY2021: RM27.1 million) against RM81.9 million in revenue (FY2021: RM81.88 million).</p> <p>The year-on-year lower profit was due to weakening gross profit margins for overseas projects, resulting in lower profitability of the Division as a whole (page 58 of AR2022).</p> <p>What caused the weakening profit margins for the projects under the Environment division? Does the Group expect to see a recovery in profit margin in FY2023?</p>
Awanbiru Technology Berhad (AGM)	<p>On page 15 of AWANTEC's Annual Report FY2021, it was stated that "in Malaysia, the Government has mandated 80% (estimated value at RM1.76b) usage of cloud storage across the government services by 2022. Public sector cloud spent in 2022 is anticipated at RM2.2b." What is the total value of contracts that has been awarded by the Government to date, and how much of it has AWANTEC secured to date?</p>
Key Asic Berhad (AGM)	<p>The performance of the group's non-recurring engineering services has been declining with the segmental revenue and segmental results deteriorating from RM12.781m and RM3.244m for FY2018 to RM0.261 and -RM8.744 for FY2022. What were the reasons for the declining trend of revenue and segmental results and what are the measures being taken by the group to address the financial bleeding?</p>
Sern Kou Resources Berhad (AGM)	<ol style="list-style-type: none"> 1. The Group's manufacturing and trading of furniture segment in FY22 reported a loss before tax of RM4.4 mil (FY21: RM0.04 mil), while revenue declined by 29.3% to RM58.5 mil from RM82.8 mil a year ago. <ol style="list-style-type: none"> a) Some of Sern Kou's peers (furniture manufacturing companies listed on Bursa) have remained profitable with decent profit margins. While those peers have the advantage of operating on a larger scale or volume, what are the other areas that Sern Kou could be lacking in that resulted in the segment loss? b) Please explain your sales outlook for your key export markets of US and Europe where aggressive interest rate hikes are causing a slowdown in home sales and consumer discretionary spending. Will Sern Kou be able to divert orders to other countries? 2. Sern Kou's midstream sawmill business has been the key driver for its revenue and record financial performance in the past few years. On the other hand, the downstream furniture manufacturing segment has been dwindling over the years and now accounts for less than 20% of total revenue. <p>Considering that the downstream segment has been a drag on overall group performance, would Sern Kou be better off phasing out its furniture manufacturing division and reallocating resources to its midstream and upstream operations?</p>

Golden Land Berhad (AGM)	<p>Allowance for impairment on trade and other receivables increased significantly to RM8.8 million (FY2021: RM4.2 million). (page 73 of AR2022)</p> <p>a) What are these trade and other receivables that have been impaired? What was the reason for the substantial increase in allowance for impairment on trade and other receivables?</p> <p>b) What is the probability of recovering the impaired amounts? To-date, how much of the impairment on trade and other receivables have been recovered?</p>																																												
Padini Holdings Berhad (AGM)	<p>For the past 10 years, the company's dividend payout has been on a declining trend, as shown in the table below.</p> <table border="1" data-bbox="592 689 1385 1122"> <thead> <tr> <th></th> <th>EPS (sen)</th> <th>DPS (sen)</th> <th>Dividend Payout Ratio (%)</th> </tr> </thead> <tbody> <tr> <td>FY2013</td> <td>12.98</td> <td>8.00</td> <td>61.63</td> </tr> <tr> <td>FY2014</td> <td>13.82</td> <td>11.50</td> <td>83.21</td> </tr> <tr> <td>FY2015</td> <td>12.19</td> <td>10.00</td> <td>82.03</td> </tr> <tr> <td>FY2016</td> <td>20.88</td> <td>11.50</td> <td>55.08</td> </tr> <tr> <td>FY2017</td> <td>23.92</td> <td>11.50</td> <td>48.08</td> </tr> <tr> <td>FY2018</td> <td>27.08</td> <td>11.50</td> <td>42.47</td> </tr> <tr> <td>FY2019</td> <td>24.34</td> <td>11.50</td> <td>47.25</td> </tr> <tr> <td>FY2020</td> <td>11.43</td> <td>7.50</td> <td>65.62</td> </tr> <tr> <td>FY2021</td> <td>8.22</td> <td>2.50</td> <td>30.41</td> </tr> <tr> <td>FY2022</td> <td>23.42</td> <td>10.00</td> <td>42.70</td> </tr> </tbody> </table> <p>With the group's cash and bank balances as at end-FY2022 ballooning to RM808.853m, which is equivalent to 0.61x FY2022 full-year revenue, from RM523.758m a year ago, does the company intend to increase the dividend payout ratio in the near to medium term?</p>		EPS (sen)	DPS (sen)	Dividend Payout Ratio (%)	FY2013	12.98	8.00	61.63	FY2014	13.82	11.50	83.21	FY2015	12.19	10.00	82.03	FY2016	20.88	11.50	55.08	FY2017	23.92	11.50	48.08	FY2018	27.08	11.50	42.47	FY2019	24.34	11.50	47.25	FY2020	11.43	7.50	65.62	FY2021	8.22	2.50	30.41	FY2022	23.42	10.00	42.70
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FY2020	11.43	7.50	65.62																																										
FY2021	8.22	2.50	30.41																																										
FY2022	23.42	10.00	42.70																																										
Jaya Tiasa Holdings Bhd (AGM)	<p>The Group's FFB and CPO production understandably declined year-on-year primarily due to labour shortage as a result of the governmental curtailment in foreign workers recruitment (page 11 of AR2022). The total FFB production for the financial year continued its decline by 14% to 737,723 MT from 861,766 MT in the previous year (page 12 of AR2022).</p> <p>To-date, to what extent has the Group's labour shortage issue normalised? How far off is the Group from addressing its labour needs?</p>																																												
Paos Holdings Berhad (AGM)	<p>1. The Group's manufacturing segment revenue increased by 8.9% to RM38.96 mil in FY22 and segment loss was lower at RM1.26 mil (FY21: -RM1.47 mil).</p> <p>a) Was revenue growth attributable more to sales volume or price increases?</p> <p>b) What were the main factors contributing to the segment loss and what is being done to improve profitability?</p>																																												

	<p>c) The Group's main manufacturing activities are that of contract manufacturing of bar soap and toll manufacturing of products from palm oil and specialty fats (page 16 of AR 2022). Please provide a breakdown in revenue of your products in the manufacturing segment.</p> <p>2. Approximately 96% of the Group's revenue are from two major customers (page 81 of AR 2022). Please provide details on the two major customers. What measures are being taken to mitigate the high concentration risk? Has the Group entered into any long-term contracts with those customers? How long has the Group been in business with those customers? How challenging will it be to find a timely replacement of any lost major customers?</p>																		
<p>Ucrest Berhad (AGM)</p>	<p>The Group's revenue decreased significantly to RM12.3 million (2021: RM25.5 million), while cost of sales increased to RM10.2 million (2021: RM10.0 million) (page 57 of AR2022). Revenue breakdown as follows:</p> <table border="1" data-bbox="592 846 1353 1149"> <thead> <tr> <th></th> <th style="text-align: right;">2022 (RM'million)</th> <th style="text-align: right;">2021 (RM'million)</th> </tr> </thead> <tbody> <tr> <td colspan="3">Revenue</td> </tr> <tr> <td colspan="3">Revenue from contracts with customers:</td> </tr> <tr> <td>- Equipment</td> <td style="text-align: right;">-</td> <td style="text-align: right;">23.8</td> </tr> <tr> <td>- Services</td> <td style="text-align: right;">12.3</td> <td style="text-align: right;">1.7</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">12.3</td> <td style="text-align: right; border-top: 1px solid black;">25.5</td> </tr> </tbody> </table> <p>(Note 18, page 115 of AR2022)</p> <p>a) Why did the Group's cost of sales did not reduce in tandem with the decrease in revenue?</p> <p>b) Given that the Group's revenue was attributable from services and there was no revenue contribution from equipment sales, what comprises the purchases of RM10.2 million that makes up the bulk of the Group's cost of sales?</p> <p>c) What are the Group's plans to grow revenue, going forward?</p>		2022 (RM'million)	2021 (RM'million)	Revenue			Revenue from contracts with customers:			- Equipment	-	23.8	- Services	12.3	1.7		12.3	25.5
	2022 (RM'million)	2021 (RM'million)																	
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<p>INSAS Berhad (AGM)</p>	<p>In October 2021, Insas entered into a share sale and purchase agreement with SYF Resources Berhad (SYF) for the proposed disposal of its 100% equity interest in M&A Securities Sdn Bhd to SYF for RM222 million (Proposed M&A Disposal) to be fully satisfied by the issuance of new ordinary shares in SYF.</p> <p>Post-completion of this exercise, SYF will become a 62.56% subsidiary of Insas (page 9 of Annual Report 2022).</p> <p>a. The disposal of M&A Securities is conditional upon the disposal of Seng Yip Furniture by SYF to Mieco Chipboard Berhad. As of the date of writing, SYF's business proposal to Mieco Chipboard is still pending the approval of Bursa Malaysia and shareholders of SYF.</p>																		

	<p>Based on Insas' communication with SYF, what is holding back the latter's progress of completing the business disposal?</p> <p>b. Insas and SYF had on 1 July 2022 agreed to extend the conditional period of the share sale and purchase agreement (SSPA) related to the Proposed M&A Disposal to 4 January 2023. What is the targeted timeline to complete this transaction?</p>
<p>Pestech International Berhad (AGM)</p>	<p>The effect of Covid-19 pandemic and the security uncertainty that arose from the Russian invasion of Ukraine have brought about complications in PESTECH's logistics arrangement and increased transportation costs, followed by a surge in material prices. As a result, the Group reported revenue of RM715.09 million in FY2022, a decline of 19.6% from RM889.36 million in FY2021 due to slower execution of projects. Group profit for the FY2022 also declined by 63.6% at RM37.33 million as compared to RM102.68 million in FY2021 (page 31 of Annual Report (AR) 2022).</p> <p>a. What changes has the Group made in its tendering process to factor in higher input costs and possibly longer delivery deadlines (as a result of unstable material and equipment prices and potential project cost overrun and delays)?</p> <p>b. Are there ways to lock in the cost of material and equipment once a contract is entered into? What improvements have been made to the Group's tendering/pricing framework?</p>
<p>Icapital.Biz Berhad (AGM)</p>	<p>Environmental, Social and Governance (ESG) has been high on the agenda of investors in these two years. In addition, at the 17th AGM held on 20 November 2021, the Designated Person responsible for managing the assets of icapital.biz, Mr Tan Teng Boo had spent hours talking about his views, thoughts, and concerns on climate change.</p> <p>Does the Fund Manager have a policy prohibiting investment in certain ESG-sensitive sectors? If yes, please share the sectors which are deemed ESG-sensitive.</p> <p>To what extent that ESG considerations are integrated into the investment process of the Fund Manager? If yes, what is the approach (e.g., qualitative, quantitative) undertaken by the Fund Manager in integrating ESG issues into its investment process?</p>

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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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