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

The Observer

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❖ How to evaluate and analyse REITs

Real Estate Investment Trusts ("REIT(s)") are often seen as an attractive investment for dividend-focused investors as they are an affordable way to gain ownership of a wide range of local and global properties.

As REITs exhibit some stock-like behaviours (i.e., trading on exchanges, being very liquid and providing dividends), they are often analysed like stocks though there are some key differences.

Here are 8 key things to consider when investing in REITs.

1. Economic Outlook

Like stocks, the state of the economy is a key factor affecting the performance of REITs. When there are stronger economic growth prospects, it is a good time to invest in REITs and vice versa.

2. Interest rate environment

A higher interest rate environment makes REITs investment less attractive compared to fixed deposits and other fixed income securities as the spread between REITs and fixed deposits become narrower.

Malaysian REITs continue to deliver competitive yield to unit holders, with a 5.7% forward dividend yield in FY23 compared to the MGS 10-year yield of 3.7%.

If expectations of future interest rates change suddenly, it would result in REITs facing price volatility,

3. Funds from operations ("FFO")

FFO is a measure to evaluate the cashflow from operations of a REIT. In essence, it measures the net amount of cash and equivalents that flows into a REIT portfolio from regular, ongoing business activities.

Higher FFO from REITs indicates the ability to make distributions to unit holders.

4. Yield and frequency of payouts

Historical yields are calculated by taking the distribution or dividend per unit in a REIT paid to investors divided by its current unit price.

Historical yields are not indicative of future performance of a REIT. They can be a useful measure in understanding how consistent a REIT has maintained its payouts to unitholders.

Higher yields do not make a particular REIT more attractive and may indicate a lower chance of stable distributions. Conversely, lower yields are not indicative of a REIT being a less valued buy and might represent a safer investment.

5. Weighted average lease expiry ("WALE")

WALE measures the average time to expiry of existing leases of properties in a REIT based on the area a tenant occupies and the rent it pays to the REIT.

If a REIT's WALE is 3.2, this means current leases have an average of 3.2 years before the end of the contract.

A longer WALE can be an assurance to REIT investors during an economic downturn as the tenants are locked into their tenancy agreements for a longer time.

6. Gearing Ratio

Gearing ratio, also known as aggregated leverage, is a metric closely monitored by investors and often used to access a REIT's financial leverage. It is the ratio of a REIT's total debt to total assets.

The maximum gearing ratio permitted by Securities Commission of Malaysia currently is 50%.

7. Interest Cover Ratio

This is a measure to find out the REIT's ability to meet its interest payments and is calculated by dividing its earnings before interest and taxes (EBIT) by its interest expenses.

A higher interest cover ratio indicates the REIT's ability to pay its loans obligations.

8. Net Asset Value ("NAV")

NAV, the difference between total assets and liabilities on a per unit basis, is a commonly used metric to assess the valuation of a REIT. NAV is indicative of the value of a REIT portfolio on a per unit basis.

It is prudent to invest in a REIT below its NAV for margin of safety as in the event of a liquidation of a REIT, an investor may get back his/her investment in full if the REIT's assets can be realised at book value.

To sum up, please take the time to read up on each REIT so you can make more informed decisions and are comfortable with investing in REITs. Do bear in mind your risk tolerance. Be aware of the asset mix in your portfolio.

Lee Chee Meng
Manager, Corporate Monitoring

MSWG AGM/EGM Weekly Watch 20 - 24 November 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
22.11.23 (Wed) 10.00 am	Matang Berhad (AGM)	Matang saw its revenue drop by 18.7% to RM14.33 million in FY2023. This is mainly due to a 32% decline in FFB price realised to RM820 per tonne compared to RM1,206 per tonne a year ago. Meanwhile, the Group's profit before taxation fell 61% to RM3.36 million due to lower gross profit (down 37.9% year-on-year) and increase in administration expenses by 16.5% to RM8.52 million.
22.11.23 (Wed) 10.00 am	Yong Tai Berhad (AGM)	Yong Tai achieved a revenue of RM115.61 million and a profit before tax of RM8.43 million in FY2023, compared to a revenue of RM71.47 million and a loss before tax of RM8.90 million in the preceding financial year. This turnaround can largely be attributed to the successful completion and handover of the Amber Cove serviced apartments and sales from the Apple serviced apartments, demonstrating the effectiveness of Yong Tai's property development strategies.
22.11.23 (Wed) 10.00 am	Malton Berhad (AGM)	Despite an increase in revenue, the Group incurred RM77.2 million loss before tax in the current financial year, as opposed to a profit before tax of RM129.5 million in FY2022. The Group encountered a setback in its proposed joint venture development of the Taman Tun project with Yayasan Wilayah Persekutuan after the Federal Court overturned the development order granted by

		Dewan Bandaraya Kuala Lumpur in 2017. Consequently, the Group had to write off property development expenditures of RM21.0 million, along with another write-down of the proprietor's entitlement amounting to RM29.4 million.
22.11.23 (Wed) 10.30 am	Chin Hin Group Berhad (EGM)	The purpose of the EGM is to seek shareholders' approval for the proposed acquisition of approximately 2.11% equity interest in Ajiya Berhad for RM9,513,846 or RM1.53 per Ajiya share, and the resultant proposed mandatory general offer to acquire all the remaining Ajiya shares not already owned by Chin Hin after the proposed Ajiya acquisition at an offer price of RM1.53 per Ajiya share.
23.11.23 (Thur) 10.00 am	Destini Berhad (EGM)	Destini is seeking shareholders' approval for the proposed renounceable rights issue at the issue price of RM0.04 per right share, offering two rights shares for every one existing share held and for every two subscribed rights shares, shareholders receive one free detachable warrant. Additionally, the Group also seeking shareholders' approval for the payment of Directors' fees payable to directors of the Company for the FYE 31 December 2023 and other benefits payable of up to RM500k.
23.11.23 (Thur) 10.00 am	Awanbiru Technology Berhad (AGM)	The Group revenue decreased from RM90.3 million in FY2022 to RM40.0 million in FY2023, which is RM52.2 million lower mainly attributable to the lower revenue from Software & Services segment. As a result, the Group recorded a loss before taxation of RM6.2 million in FY2023 as compared to a profit before taxation of RM5.3 million in FY2022.
23.11.23 (Thur) 10.00 am	FM Global Logistics Holdings Berhad (AGM)	The Group recorded a lower revenue of RM948.4 million in the financial year in review against RM1,152.9 million previously. Revenue was down y-o-y as trade eased gradually and freight rates fell more abruptly, with the downtrend particularly severe in the second half of FY2023. Profit after tax and minority interest was lower by 7.9% at RM42.0 million in comparison with RM45.6 million the previous financial year, primarily due to higher depreciation and financing cost.

23.11.23 (Thur) 11.00 am	Inari Amertron Berhad (AGM)	The Group's revenue achieved RM1.35 billion (FY2022: RM1.55 billion), despite challenging conditions faced by the semiconductor industry during the year, there was only 12.5% decrease from the previous year, which was the Group's highest revenue ever since inception. The Radio Frequency business segment continues to be the main revenue contributor. The Group's net profit y-o-y decrease by 16.9% to RM325.0 million (FY2022: RM391.2 million). Overall, the decrease is measured against Inari's record-breaking performance in the last financial year. Hence, it is still a good performance.
23.11.23 (Thur) 02.30 pm	Media Prima Berhad (AGM)	MPB's financial transition to a 18-month reporting period, ending June 2023, showcased strategic resilience. Revenue hit RM1,431.7 million despite a challenging advertising market. Key income streams were advertising (RM1,086.7 million), home shopping sales (RM195.8 million), and content sales (RM74.7 million). Operating costs of RM1,349.6 million were balanced against a profit after tax of RM67.3 million, emphasizing improved operational efficiencies. The Group reduced total liabilities to RM728.4 million, while net cash increased to RM43.1 million, showing better financial standing. These achievements stem from a successful pivot in the business model to sustain profitability amidst economic challenges.
24.11.23 (Fri) 10.00 am	Sern Kou Resources Berhad (AGM)	Sern Kou posted yet another record-breaking turnover at RM380.6 million (FY2022: RM338.3 million) chiefly attributed to higher contribution from the processing and trading of wood segment on the back of higher demand. However, Sern Kou recorded a lower net profit of RM1.3 million (FY2022: RM9.8 million) mainly due to higher input cost across all segments and higher selling and distribution,

		administrative, other expenses and finance costs.
24.11.23 (Fri) 10.00 am	MTAG Group Berhad (AGM)	MTAG reported a 15% decline in revenue to RM153.9 million in FY2023, largely due to lower orders from one of the Group's key customers. The converting business accounted for 75% of its total revenue with the balance 25% contributed by the distribution segment. On the other hand, the Group managed to maintain its net profit due to prudence and meticulous cost control measures. Net profit was RM30.1 million, similar with the figure achieved a year ago.
24.11.23 (Fri) 10.00 am	Golden Land Berhad (AGM)	The Group's revenue increased by 40.1% to RM83.1 million (FY2022: RM59.3 million) mainly due to higher revenue contribution from its property segment. Loss after tax improved to RM14.4 million from RM22.5 million in FY2022. In FY2023, the Group had recorded reversal of RM6.2 million from D'sini Residences project and RM1.4 million from plasma plantation. The improvement in property sales effectively balanced out some of the difficulties encountered by the plantation segment due to the decline in FFB pricing.
24.11.23 (Fri) 10.00 am	Malaysia Building Society Berhad (CCM)	The CCM is to seek shareholders' approval for its disposal of non-financial subsidiaries and non-performing loans to Emerald Unity Sdn Bhd (a SPV that will be put under a share trustee) for a nominal sum of RM8 for the four non-financial subsidiaries and a sum based on the book value of the NPL to be determined later. Subsequently, it will transfer its shares in Emerald Unity to a share trustee, thus it will no longer have legal or beneficial ownership in the shares of Emerald Unity. Nevertheless, MBSB will provide the financial resources to sustain the running of Emerald Unity. Ultimately, the Proposed Scheme is to enable MBSB to be an investment holding company with no loans and no direct interest in companies which are not involved in financial services.

24.11.23 (Fri) 10.30 am	Salutica Berhad (AGM)	In the FYE2023, Salutica faced a substantial revenue decline of 55.6%, totalling RM80 million, primarily due to reduced demand for True Wireless Stereo (TWS) headsets and the halt in peripheral production. This, combined with economic uncertainties and higher interest rates, led to a loss before tax of RM21.4 million, marking an increased loss of RM13.1 million from the previous year. Factors contributing to this included low product orders, elevated production costs, increased electricity tariffs, a voluntary separation scheme payout, asset impairment, and credit loss provision. Despite a government grant of RM2.6 million, the losses persisted. Moving forward, Salutica remains committed to diversifying its product lines into automotive, medical, and industrial sectors, aiming to improve TWS headsets and expand For Our Better wOrld (FOBO) brand applications.
24.11.23 (Fri) 11.00 am	M & A Equity Holdings (AGM)	Previously known as SYF Resources Berhad, the Company completed the acquisition of M&A Securities Sdn Bhd and its subsidiaries from Insas Berhad in FY2023. Subsequently, it changed its name from SYF Resources to M & A Equity Holdings Berhad to reflect the Company's new corporate identity along with its new core business and future undertakings in the financial services industry.
24.11.23 (Fri) 11.00 am	Shin Yang Group Berhad (AGM)	The Group recorded a revenue of RM939.6 million (FYE2022: RM 893.5million), representing a 5.2% growth and profit after tax increased 27.9% to RM182.6 million (FYE2022: RM142.8 million). This was due to a combination of factors, such as high utilisation of shipping spaces for container vessels and bulk carriers, improved sales volume, and high demand for transportation and logistics services.

24.11.23 (Fri) 11.00 am	Symphony Life Berhad (EGM)	The EGM will seek shareholders' approval for the proposed renounceable rights issue of up to 358,222,993 warrants on the basis of 1 warrant for every 2 existing ordinary shares in the Company held on an entitlement date to be determined later.
24.11.23 (Fri) 12.00 pm	Teo Guan Lee Corporation Berhad (AGM)	In the FYE2023, the Group's revenue declined to RM126.6 million from RM129.65 million due to reduced consumer spending from inflation and higher interest rates. Profit before tax dropped to RM15.1 million (FYE2022: RM21.8 million), leading to an EPS reduction to 13.8 sen. Despite these challenges, the Group maintained a strong financial position with total assets at RM139.8 million and liabilities at RM25.5 million. Operating expenses increased, impacting net profit, while 'KIKO' acquisition enabled expansion to 595 departmental store counters, expecting positive contributions in the upcoming financial year.
24.11.23 (Fri) 02.00 pm	Kamdar Group (M) Berhad (AGM)	The Group's revenue for FY2023 was RM68.44 million compared to RM62.66 million for FY2022. FY2023 has proven to be a challenging year, due to lower demand for clothing, lower selling prices, higher costs and stiff competition, all of which have resulted in reduced income. The Group reported a net loss of RM5.22 million in FY2023 compared to a profit of RM5.45 million in the previous year, which was primarily boosted by a gain of RM8.89 million from the disposal of property, plant and equipment.

One of the points of interest to be raised:	
Company	**Points/Issues to Be Raised**
Matang Berhad (AGM)	The Group completed the acquisition of Greencode Farm Sdn Bhd (GFSB) on 25 July 2023. Subsequently, the name was changed to Matang Agriculture and Plantation (Yong Peng) Sdn Bhd (MAPYP). MAPYP owns a freehold agricultural land of 56.226 hectare (ha) in Batu Pahat, of which 37.64 ha has been planted with oil palm and 17.09 ha was planted with durian trees of about 40 years old. MAPYP's durian plantation (or "DP Yong Peng") is a yielding plantation with mature durian trees of various breeds. (page 17 of AR 2023)

	a) How many durian trees are planted at DP Yong Peng? And what are the main breeds? What was the average yield per ha over the last five years? b) Please provide the financial highlights of DP Yong Peng for the last five years. c) Does the Group expect higher earnings contribution from DP Yong Peng in the coming years and why?
Yong Tai Berhad (AGM)	The impairment loss on other receivables has reduced from RM20.8 million in FY 2022 to RM13.8 million in FY 2023. (Page 128 of AR) a) What were the reasons for the Group to impair consistently for the past two years on other receivables? b) Please provide details on the impairment of other receivables for the two FYs 2022 and 2023. c) Are such impairments expected to continue in the next financial year? d) What actions have been taken to prevent the recurrence of such impairments?
Malton Berhad (AGM)	Included in trade receivables of the Group amounting to RM260,322,000 (2022: RM115,463,000) are due from related parties. (Page 176 of AR) a) Please explain the reasons for the higher amount of trade receivable from related parties in FY 2023. b) Please name the related parties with their respective amounts.
Chin Hin Group Berhad (EGM)	Under the maximum scenario, the borrowings of Chin Hin Group are expected to increase from RM885.16 million as at 31 December 2022 to RM1.18 billion following the completion of the Proposals, with the gearing ratio increasing from 1.56 times to 2.03 times (page 17 of the circular). Given the high gearing ratio, especially when the Group is in businesses that are cyclical in nature, what are the measures to be taken by the Board to minimise the Group's liquidity risk?

Awanbiru Technology Berhad (AGM)	AWANTEC was designated as an Affected Listed Corporation as it does not have a level of operations that is adequate to warrant continued trading of listing on the Official List following the termination of the Company's wholly-owned subsidiary Prestariang Systems Sdn Bhd ("PSSB")'s membership in the Microsoft Partner Network ("MPN") by Microsoft effective 31 January 2021. Bursa Securities has granted the Company a further extension of time of 6 months until 13 April 2024 to submit the regularisation plan to the relevant authorities for approval. a) What measures is the Company taking to prevent suspension and delisting? b) What are the requirements for uplifting a company from the status of an Affected Listed Corporation? c) When does the Board expect the Company's status as an Affected Listed Corporation to be uplifted?
FM Global Logistics Holdings Berhad (AGM)	Amid an inflationary and higher interest rate environment, as well as moderation of global economy and trade activities, the Group increased its workforce by about 7.0% from 1,748 in FY2022 to 1,871 in FY2023. This increase was attributed to the rising industry demand. What are the factors driving this increasing industry demand? Additionally, does the Board expect the Group to handle a higher business volume in FY2024 compared to FY2023?
Inari Amertron Berhad (AGM)	The Group is making good progress on the construction of the manufacturing plant and physical facilities at its joint venture in China, Yiwu Semiconductor International Corporation ("YSIC"), with physical completion targeted by end of calendar 2023. (page 23 of AR2023) a) What is the current status of the construction of the manufacturing plant and physical facilities at the Group's joint venture in China? b) When is the target commencement of operations? c) Even before the factory's completion, they have successfully secured a few customers' interests who eagerly awaits qualification on YSIC's production line to commence operations (page 36 of AR2023). How much production capacity of the new manufacturing facility in China will be taken up?

Media Prima Berhad (AGM)	Big Tree has undertaken an asset rationalization exercise by introducing five new premium digital assets (CuBig @ Federal Highway, CuBig @ LDP (Damansara Utama), CuBig @ Jalan Damansara, CuBig @ Sunway and CuBig @ KL - Seremban Expressway) at strategic locations and removing non-performing sites to keep the inventory lean and premium (page 43 of AR2023). a) What is the current occupancy level of each new premium digital asset? b) Which of the new premium digital assets contributed the most to Big Tree's overall financial performance? Is this digital asset also the most profitable? If not, which is the most profitable and why? c) Which specific sites were categorized as 'non-performing' during Big Tree's asset rationalization, and what criteria or reasons led to their deselection from the inventory?
Sern Kou Resources Berhad (AGM)	The profitability suffered despite the top-line improvement mainly due to higher input costs across all segments that affected our performance. In FY2023, gross profit stood at RM19.1 million as compared to RM29.7 million in the prior year. (Page 7 of AR 2023) a) Please name the major cost items in both segments and the price trend of these cost items from FY2022 to FY2023. b) Based on the Board's outlook of the current market conditions, does the Board expect the input cost to moderate moving forward?
MTAG Group Berhad (AGM)	Despite a 15% decline in revenue to RM180.2 million in FY2023, the Group's gross profit margin (GPM) increased to 32.8% from 28.3% a year ago. What are the reasons for the spike in GPM? Is it sustainable going forward?
Golden Land Berhad (AGM)	One of the Group's other payables is in relation to an amount due to a Director of RM12.1 million (FY2022: Nil). The amount due to a Director represents advances from a Director, which is subject to interest rate of 8.00% (FY2022: NIL) per annum and payable within the next 12 months. (Note 29, page 124 of AR2023) a) How did the Company utilise the RM12 million of advances from a Director? b) Did the Board consider other means of fund raising prior to accepting the advances from a Director at an interest rate of 8.00%?

	c) Is the interest rate competitive as opposed to taking a loan from financial institutions?
Malaysia Building Society Berhad (CCM)	The Subject Loans, with a net book value of RM279 million as of 30 June 2023, will be disposed to Emerald Unity Sdn Bhd at a consideration based on the net book value to be determined later. Emerald Unity is tasked to settle or recover money from these non-performing conventional loans MBSB sells to it. In turn, MBSB shall receive proceeds arising from the settlement or recovery of the Subject Loans as consideration for the Subject Loans. a) What is the likelihood of recovering the Subject Loans as they are already categorised as non-performing loans? b) What types of loans did the Subject Loans originate from?
Salutica Berhad (AGM)	In the FYE2023, Salutica faced a substantial revenue decline of 55.6%, totalling RM80.0 million, primarily due to reduced demand for True Wireless Stereo (TWS) headsets and the halt in peripheral production. This, combined with economic uncertainties and higher interest rates, led to a loss before tax of RM21.4 million, marking an increased loss of RM13.1 million from the previous year (page 16 of AR2023). a) How much is the contribution of TWS headsets sales to the Group's revenue and how significant was the reduction of the volume order as compared to previous periods or expected levels? b) What led to the decision to discontinue the production of computer peripherals instead of pursuing innovation to address changing market demands? What was the financial impact of ceasing production of computer peripherals to the Group? c) Given the significant revenue decline in FYE2023, what strategies are in place to potentially recover or stabilize revenue in the upcoming fiscal periods? When is the Group anticipating a turnaround in its financial performance following the challenges encountered in FYE2023?

M & A Equity Holdings (AGM)	The Financial Services segment, which made up almost 100% of MEH's income, recorded a lower revenue and profit in FY2023. The segmental revenue declined by 16.24% to RM40.65 million from RM48.53 million in FY2022, mainly due to lower brokerage commissions at RM13.4 million (FY2022: RM18.73 million) and lower corporate finance advisory fee income at RM16.52 million (FY2022: RM20.11 million). However, interest income increased by 10.8% to RM10.74 million compared to RM9.69 million in the previous financial year. a) The corporate finance and brokerage subsegments' results indicate normalising performance after a record year in 2021. With MEH's heavy reliance on the Financial Services segment, what is the prospect for the two key subsegments as we have seen easing retail participation in the local stock market amid a rising cost of living and a challenging macroeconomic environment? b) M&A Securities plans to take up more significant IPO engagements in terms of higher market capitalisation and higher fundraising quantum. Would this jeopardise M&A Securities' standing as the top principal advisers in the IPO market for the ACE and LEAP market, in which the prospective clients usually seek to raise smaller funds size? c) M&A Securities ranked 3rd among Malaysian issuers in Malaysia's Equity & Rights Offering league table 2021 by Bloomberg with total fund raised of RM1.7 billion from 62 deals. What is M&A Securities' latest ranking in equity and rights offering deals? How does M&A Securities maintain and protect its position in a highly competitive environment?
Shin Yang Group Berhad (AGM)	The Group recorded another and a higher net impairment loss on financial assets of RM13,171,658 in FYE2023 compared to a net impairment loss of RM9,961,505 recorded in FYE2022, which mainly related to trade receivables (Page 163 of AR2023). a) Which trade receivables are involved in the impairment exercises? b) What are the measures taken to recover the amount?

	c) How much of the amount has been recovered, to-date? What is the expected amount to be recovered in FYE2024?
Teo Guan Lee Corporation Berhad (AGM)	Despite the recovery of physical stores, TGL's e-commerce performance on Lazada and Shopee sustained with a revenue of RM1.3 million, slightly lower than last year RM1.4 million (page 16 of AR2023). With the rise of e-commerce and shifting consumer behaviour to shop online, how is TGL adjusting its approach, conventionally centred on physical retail, to stay competitive and drive revenue growth in the evolving market?
Kamdar Group (M) Berhad (AGM)	The management will continue to exercise financial prudence and tighten operating costs to maximise shareholder value through our four strategic growth drivers i.e. strategic diversification, driving technology & innovation, cost and organizational effectiveness and looking into sustainability as a new growth area (page 13 of Annual Report 2023). Please provide further explanation regarding the aforementioned four strategic growth drivers.

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