



MINORITY SHAREHOLDERS WATCH GROUP

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

The Observer

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❖ Risks and opportunities of climate change

The scale and pace of change required to stave off the worst impacts of global warming will be more disruptive and costly than expected, especially when it is almost certain that climate change is here to stay.

While climate scientists have long warned that we must limit global warming to 1.5°C to avoid triggering climate tipping points and stave off the worst impacts of climate change, data from 2023 has pointed to last year being the warmest year on record.

The average global temperatures in 2023 were 1.48°C above pre-industrial levels – perilously close to the 1.5°C climate threshold agreed in the Paris Agreement. Meanwhile, global warming continues its record-breaking streak in 2024. The world experienced the warmest January on record.

Amidst rising temperatures, investors and businesses face unprecedented challenges in integrating the potential climate impacts into their decision-making processes and risk assessments.

Here are some significant implications investors should heed in the near future:

1. Escalating climate disasters

Climate change exacerbates extreme weather events, leading to increased occurrence of hurricanes, floods, and wildfires. These events can cause significant damage to physical assets such as infrastructure, properties, and supply chains.

In 2023 alone, the US experienced a record-breaking 28 weather and climate disasters, inflicting substantial damage exceeding US\$93 billion. Locally, the devastating floods of 2022, which incurred losses totaling RM622.4 million, underscore the urgent need for climate resilience measures.

Investors need to assess the vulnerability of their investments to such risks, as repeated occurrences can lead to significant financial losses and asset depreciation.

2. Navigating risks and opportunities

As extreme weather unfolds globally, the financial industry grapples with the dual challenge of identifying climate risks while seizing opportunities presented by the transition to a low-carbon economy.

Banks must meticulously assess both physical and transition risks of climate change to their businesses. They must assess the extent to which their physical infrastructure, staff, and customers are subject to extreme climate events.

At the same time, they must assess their clients' needs to see how the financing needs evolve as they transition to a low-carbon economy. For example, energy, manufacturing, and agriculture companies will be some of the highest emitters, thus banks must understand their plans to decarbonise and subsequently price the identified climate risks in their lending policies.

Simultaneously, banks capitalise on emerging revenue streams from climate-related projects. In 2023, banks earned revenue of US\$2.5 billion from climate-related projects compared to US\$2.2 billion from fossil fuel companies. This represents a notable increase from 2020, when revenues from fossil fuel companies were nearly double those related to green projects.

3. Adapting underwriting practices

As climate disasters rise, insurers confront escalating demand for insurance coverage and a spike in the number of claims. This is compounded by inflationary pressures, which result in higher costs of goods and premiums for customers. To ensure long-term sustainability, insurers must reassess their underwriting frameworks and rethink strategies to assist clients in transitioning towards a low-carbon future.

4. Renewable energy investments

The transition to a low-carbon economy presents lucrative opportunities for investors in renewable energy (RE) sources such as solar, wind, and hydroelectric power. Malaysia, aiming to achieve 70% renewable energy generation by 2050, requires substantial investments totalling RM637 billion by 2050.

Investments in renewable energy infrastructure, technologies, and companies offer the potential for long-term growth and attractive returns, driven by increasing demand for clean energy solutions.

5. Carbon markets and offsets

Carbon markets and offsets options for investors to support emissions reduction efforts and finance climate mitigation projects. Investments in carbon credits, renewable energy certificates, and other carbon offset mechanisms can generate financial returns while contributing to climate action and environmental stewardship.

In short, climate change poses multifaceted risks to investors. By proactively assessing and addressing these risks and capitalise on sustainable investment opportunities, investors can safeguard their portfolios, and contribute to a resilient, low-carbon future.

By MSWG Team

MSWG AGM/EGM Weekly Watch 25 – 29 March 2024

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
25.03.24 (Mon) 10.30 am	CAB Cakaran Corporation Berhad (AGM)	<p>CAB's revenue y-o-y increased by 14.93% to RM2.25 billion (FY2022: RM1.95 billion), mostly due to the higher sales of poultry products. The economic recovery to pre-pandemic levels and inflationary pressures have contributed to the double-digit revenue growth.</p> <p>Meanwhile, the Group also received a higher chicken subsidy, contributing to higher Other Income.</p> <p>As a result, its net profit surged 151% to RM141.38 million (FY2022: RM56.33 million).</p>
25.03.24 (Mon) 10.30 am	Eco World International Berhad (AGM)	<p>EWI recorded RM105 million in revenue in FY2023, 34% lower than in FY2022. The lower revenue resulted from fewer handovers of Australian projects in FY2023. West Village and Yarra One collectively handed over 47 units to purchasers in FY2023, compared with 63 units in FY2022.</p> <p>Gross profit margin narrowed to 17% in FY2023 from 19% in FY2022 due to additional incentives provided to purchasers of Australian projects to stimulate sales.</p>
26.03.24 (Tue) 09.00 am	Kanger International Berhad (AGM)	<p>Kanger recorded a total revenue of RM77.7 million in financial period ended 30 September 2023 (18-month reporting period).</p> <p>The construction and project management, and trading of building materials segments</p>

		<p>contributed 97% (or RM75.4 million) of the total revenue in FPE2023.</p> <p>Meanwhile, the healthcare business segment recorded revenue of RM2.3mil.</p> <p>The Group recorded net loss of RM12.3 million largely due to non-recurring expenses amounting to RM8.4 million during the period under review.</p>
26.03.24 (Tue) 11.00 am	Kanger International Berhad (EGM)	The Company has proposed a private placement of up to 180.3 million new shares, representing approximately 20% of its total existing number of issued shares.
26.03.24 (Tue) 10.00 am	MYNews Holdings Berhad (AGM)	<p>The Group continued to be in red for the fourth consecutive year, with the lowest loss of RM15.40 million recorded in FYE2023 (FYE2022: net loss of RM23.60 million).</p> <p>The competition for market share and prime locations for new outlets intensified as its peers became more aggressive.</p> <p>The Group recorded the highest revenue in FYE2023 and hopes the improvement will continue through FYE2024.</p>
26.03.24 (Tue) 10.00 am	Bursa Malaysia Berhad (AGM)	<p>The local stock exchange operator undertook significant progress in FY2023 with multiple offerings to institutional and retail investors on its path to fully transform into a Multi-Asset Exchange.</p> <p>Bursa Malaysia posted an 11.4% increase in net profit to RM252.4 million, from RM226.6 million in FY2022, notwithstanding a marginal increase of 1.3% in operating revenue to RM592.8 million (FY2022: RM585.3 million).</p> <p>The performance of the Securities Market will continue to be robust as it aims to register 42 IPOs in 2024 with an expected IPO market capitalisation of RM13 billion. It registered 32 IPOs in 2023 with a total market capitalisation of RM13.6 billion.</p>

<p>26.03.24 (Tue) 10.00 am</p>	<p>Wong Engineering Corporation Berhad (AGM)</p>	<p>For FYE 2023, the Group posted a lower revenue of RM52.70 million (FYE2022: RM74.71 million).</p> <p>The lower revenue was attributed to: (i) Precision Engineering due to a slowdown in demand from customers in the semiconductor and electrical and electronics (E&E) sectors (ii) muted contribution from Construction and Property Development following the completion of the Group's Kuchai Lama project.</p> <p>The Group recorded a loss before tax of RM6.10 million due to lower revenue, higher input costs and an unfavourable product volume mix.</p>
<p>26.03.24 (Tue) 10.00 am</p>	<p>Pestech International Berhad (12th AGM) (AGM)</p>	<p>For the 15-month FPE 30 September 2023, Pestech's revenue decreased 17.07% to RM593.00 million from RM715.09 million in the past 15 months.</p> <p>Higher operating expenses, loss from disposal of concession assets, and higher finance costs dragged its bottomline performance, resulting in a pre-tax loss of RM389.92 million.</p> <p>Its execution of projects during the FPE 2023 remained sluggish, mainly due to overall liquidity issues and the high cost of financing.</p> <p>Meanwhile, the proposed restricted issue to raise about RM124 million to strengthen its working capital reserve is pending completion.</p>
<p>27.03.24 (Wed) 10.00 am</p>	<p>Computer Forms (Malaysia) Berhad (AGM)</p>	<p>CFM's annualised revenue for the 18-month FPE 30 September 2023 (FPE2023) increased 1.8% to RM27.7 million from RM27.2 million in FYE 31 March 2022 (FYE2022). This was mainly due to higher annualised sales in the commercial printing segment by RM0.7 million or 67% as more service orders from cigarette papers and printing.</p> <p>Meanwhile, the Group recorded an annualised net loss of RM8.1 million for FPE2023, mainly due to lower gross</p>

		profit, higher admin expenses and an expected credit loss of RM5.7 million.
27.03.24 (Wed) 10.30 am	Reneuco Berhad (AGM)	<p>Reneuco slipped into PN17 status in February 2024 after its external auditor expressed a disclaimer opinion on its unaudited financial statements for the period ended 30 September 2023.</p> <p>The basis for disclaimer opinions relates to the veracity of trade receivables, trade payables, revenue and cost of sales, and recognition of other income and other significant outstanding matters involving the respective Group's companies.</p> <p>The auditors added that they could not obtain sufficient appropriate audit evidence on the veracity of transactions and balances, as well as to satisfy themselves on the revenue and cost of sales recognised in prior years.</p> <p>Reneuco is required to regularise its condition within 12 months from the date of this First Announcement of PN17.</p>
29.03.24 (Fri) 10.00 am	Chin Hin Group Berhad (EGM)	<p>Chin Hin is seeking shareholders' approval for the resolutions below:</p> <ol style="list-style-type: none"> i. Proposed acquisition of approximately 4.77% equity interest in Signature International Berhad (SIB) for RM25.46 million 84 sen per SIB share, and the resultant proposed mandatory general offer to acquire all the remaining SIB shares not already owned by Chin Hin after the proposed SIB acquisition at an offer price of 84 sen per SIB share. ii. Proposed bonus issue of 1.77 billion new ordinary shares in Chin Hin on the basis of 1 bonus share for every 1 existing Chin Hin share.
29.03.24 (Fri) 10.30 am	Visdynamics Holdings Berhad (AGM)	<p>The Group's revenue y-o-y decreased by 48% to RM26.6 million (FY2022: RM51.1 million) due to the lower sales of machines. As such, its pre-tax profit was substantially lower at RM3.9 million (FY2022: RM16.4 million) due to a challenging operating environment in FY2023.</p>

		Despite the setbacks, its financial position remains strong with low gearing levels.
29.03.24 (Fri) 10.30 am	Sentoria Group Berhad (AGM)	For FY2023, Sentoria recorded revenue of RM39.5 million, representing a 26.5% decrease from FY2022. The Property Development Division continued to be the revenue driver, with sales of RM37.3 million in FY2023. Meanwhile, it recorded a lower pre-tax loss of RM52.4 million compared to a loss of RM93.5 million in FY2022, attributed to the improved margin of the Property Development Division in FY2023, resulting from reduced construction and development costs.
29.03.24 (Fri) 03.00 pm	Hextar Capital Berhad (AGM)	For the 18-month FPE 2023, the Group revenue of RM217.53 million (FY2022: RM87.17 million), riding on contributions from the telecommunication network division (via the newly acquired T&J Engineering Sdn Bhd) and trading & engineering services segments. Despite the higher revenue, net profit decreased to RM3.19 million (FYE 2022: RM6.40 million) mainly due to (i) impairment loss of investment in an associated company, (ii) amortisation of intangible assets and (iii) modification loss of financial assets.

One of the points of interest to be raised:	
Company	Points/Issues to Be Raised
CAB Cakaran Corporation Berhad (AGM)	<p>1. Included in other receivables are an amount of RM6.84 million (2022: RM6.76 million) penalty to be reimbursed from former shareholders of subsidiaries, Tong Huat Poultry Processing Factory Pte. Ltd. and Ban Hong Poultry Pte. Ltd. in connection with infringement of the Competition Act of Republic of Singapore. (Note 26, page 153 of AR2023)</p> <p>Please briefly update shareholders on the status. When does the Group expect to collect the said other receivables amounting to RM6.84 million?</p> <p>2. Significant related party transactions – Slaughtering charges paid to a joint venture increased significantly by 7.8 times to RM14.83 million (2022: RM1.68 million). (Note 42, page 189 of AR2023)</p>

	<p>What were the reasons for the huge increase in slaughtering charges paid? Did the Group consider other quotes for the slaughtering services?</p>
<p>Eco World International Berhad (AGM)</p>	<p>The Group did not record any sales of completed properties for projects located in Lampton and minimum sales in Moberley & Jubilee and Millbrook Park in FY2023 respectively. (Page 11 of IAR)</p> <p>a) Please explain why there were no sales for Lampton and minimum sales in Moberley & Jubilee and Millbrook Park respectively.</p> <p>b) What were the challenges faced by the Group in selling the completed properties located in Lampton, Millbrook Park and Moberley & Jubilee, respectively?</p> <p>c) What measures the Group has taken to improve the sales of completed properties in the locations mentioned above.</p> <p>d) What are the expected sales of completed properties in Lampton, Millbrook Park and Moberley & Jubilee respectively in FY 2024?</p>
<p>Kanger International Berhad (AGM)</p>	<p>The cost incurred for the internal audit function in respect of the FPE2023 was approximately RM18,000 (Page 40 of AR2023).</p> <p>Given that the fee is rather small (approximately RM1,000 per month), how does the audit committee assure itself that there would be adequate coverage and an effective internal audit function? Apart from the internal audit on the Sales and Purchase Review of Sung Master Holdings Sdn. Bhd, as reported on page 40 of the AR2023, what are other areas covered by the internal audit function for FPE2023? How many internal audit reports were issued in FPE2023?</p>
<p>MYNews Holdings Berhad (AGM)</p>	<p>Looking ahead to the financial year 2024, the Group is excited about a slight shift in its strategic focus. The shift will emphasize research and development, the delivery of high-quality products, advancing waste management practices, and, most significantly, prioritizing the preservation of natural resources, particularly in reducing carbon emissions (page 19 of AR2023).</p> <p>a) In relation to the new strategic focus, what are the pertinent initiatives, KPIs and targets that the Group has set?</p> <p>b) Going forward, for more transparent and effective presentation, does the Group plan to disclose in its Sustainability Statement, the major sustainability initiatives, KPIs and targets together with the outcomes/results?</p>
<p>Bursa Malaysia Berhad (AGM)</p>	<p><u>Operational & Financial Matters</u></p> <p>Bursa Malaysia's transformation into a Multi-Asset Exchange is taking shape marked by the broadening array of offerings for both businesses and retail investors. The transformation also encompasses an enhanced market ecosystem, improved sustainability practices and disclosures by listed issuers.</p> <p>Notably, some new products launched during the year were:</p> <ul style="list-style-type: none"> - Mini USD/CNH Futures

	<ul style="list-style-type: none"> - Bursa Carbon Exchange - Bursa Gold Dinar - Bursa Malaysia RAM Capital Sdn Bhd (BR Capital) <p>a) As the new ventures gradually unfold, the Securities Market remains the primary revenue contributor for Bursa Malaysia, contributing 67.7%, or RM401.32 million in revenue in FY2023. How will the implementation of the multi-asset strategy aid in diversifying revenue contribution across all business segments? What is the Exchange's expectation of these new ventures in the medium to long term?</p> <p>b) The recently unveiled Strategic Roadmap 2024-2026 sets the stage for the next phase of development, aiming to construct a diversified and future-ready exchange that swiftly adapts to evolving market dynamics.</p> <p>What key components are still needed to propel the Exchange into a regional Multi-Asset Exchange? Furthermore, will the Exchange contemplate mergers and acquisitions to accelerate its ambitions of becoming a competitive regional multi-asset exchange?</p> <p><u>Corporate Governance Matters</u> Based on disclosure in the Audit Committee Report (Page 157 of AR2023), there were three potential conflict of interest (COI) reported in FY2023 due to Bursa Malaysia's dual role as a regulator and as a listed entity, and due to Bursa Group making a business decision that may have an adverse impact on the performance of their regulatory duties.</p> <p>What were the three COI about? How did the three cases of potential COI arise? Which were the entities involved? What were AC's recommendations/decisions on the potential COI? What were the steps taken to minimise future occurrences of similar cases?</p>
Wong Engineering Corporation Berhad (AGM)	<ol style="list-style-type: none"> 1. The risk of fluctuation of raw material prices has worsened and will continue to pose challenges to the operation (page 18 of AR2023). <ul style="list-style-type: none"> a) Please quantify how the increase in raw material prices has impacted the operations of the Group. b) Can the Group pass on the increase in raw material prices to its customers, in view that the Group has a wide range of prominent multinational customers all over the globe coming from a wide spectrum of industries? 2. The Company acknowledges its deviation from Practice 5.2 of the Malaysian Code on Corporate Governance (MCCG), which stipulates that at least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors. In explaining the departure, the Company mentioned that the Board will address Board succession planning in the near

	<p>future to ensure that INEDs form 50% of Board composition. (Page 20 of CG Report 2023).</p> <p>How many INED candidates have been interviewed to-date?</p>
Pestech International Berhad (12th AGM) (AGM)	<p>1. Based on Pestech's announcement dated 19 February 2024, Pestech has been granted an extension of time of 6 months until 28 August 2024 to complete the proposed restricted issue and the proposed exemption.</p> <p>a) The proceeds from the proposed restricted issue shall be utilised for repayment of credit facilities and working capital. In view of the extension of time to complete such proposals, together with the loss-making position as well as cash holdings of the Group, how does the Group plan to repay its credit facilities and fund the working capital in the interim?</p> <p>b) Which of the conditions precedent pursuant to the Subscription Agreement have yet to be fulfilled? What are the challenges faced by the Group in fulfilling these conditions precedent?</p> <p>2. "We expect to observe a robust propulsion of various power infrastructure opportunities in Malaysia, where the skill and services of Pestech are ready and capable to be tapped upon." (Page 31 of the Annual Report 2023) "Execution of projects during the Financial Period persisted at a sluggish pace, mainly due to overall liquidity issue and high cost of financing." (Page 27 of the AR2023)</p> <p>Given the liquidity and high financing costs, how could the Group address the said challenges and remain competitive to secure new projects in the power infrastructure?</p>
Computer Forms (Malaysia) Berhad (AGM)	<p>The Group recorded an annualised LAT of RM8.1 million for FPE2023 compared to a PAT of RM59.8 million for FYE2022. The LAT was mainly due to lower annualised GP, lower other income, higher annualised administrative expense due to higher staff cost and depreciation expenses, as well as higher other operating expenses due to the expected credit loss (ECL) and loss on investment in quoted shares recognised in FPE2023. (page 6 of AR 2023)</p> <p>a) Please explain the RM4.8 million ECL for fixed deposits with cooperative (page 99 of AR 2023). Do you expect further ECL in FY2024?</p> <p>b) What is the rationale for placing more than RM90 million in fixed deposits with cooperative instead of with licensed banks?</p> <p>c) How much was the loss on investment in quoted shares for FPE2023?</p> <p>d) Does the Group expect a turnaround in FY2024? If not, when?</p>

<p>Reneuco Berhad (AGM)</p>	<p>1. <u>The External Auditors' Disclaimer of Opinion</u> The external auditors have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements. There are issues such as the veracity of trade receivables, trade payables, revenue and cost of sales, and recognition of other income and other significant outstanding matters involving the Group's companies (Independent Auditors' Report to the members of Reneuco Berhad, Pages 96-102 of the Annual Report 2023).</p> <p>Messrs UHY FLVS Sdn Bhd ("UHY") was appointed to independently review those financial issues highlighted by the external auditors and completed a report on 17 January 2024. Based on the independent review findings, UHY has made recommendations for Reneuco's management to consider (Pages 77-78 of the Annual Report 2023).</p> <p>Has the Group adopted and implemented UHY's recommendations? If so, what is the update on this? Does the Group expect the financial issues highlighted by the external auditors to be completely addressed in the next financial year?</p> <p>2. <u>Technical Review on Projects Highlighted by the External Auditors</u> The Company appointed KBM Konsult Sdn. Bhd. ("KBM Konsult") to conduct an independent technical review to review, verify and certify the progress of the projects and completed a report on 19 January 2024. Also, KBM Konsult has provided recommendations for consideration (Pages 77-80 of the Annual Report 2023).</p> <p>Has the Group adopted KBM Konsult's recommendations? If so, please provide the updates.</p>
<p>Visdynamics Holdings Berhad (AGM)</p>	<p>1. The current economy weakness is expected to continue till the first half of year 2024, with expectation of recovery after that. (page 18 of AR2023)</p> <p>How is the order visibility for the Group's machines? Are there any substantial orders in the pipeline?</p> <p>2. Malaysia recorded higher foreign direct investments inflow in 2023 and became the surprise winner of US-China chip wars. To what extent will the Group benefit and secure new business opportunities?</p>
<p>Sentoria Group Berhad (AGM)</p>	<p>The increased revenue for Leisure Hospitality Division, ("LHD") in FY2023, amounting to RM2.3 million, was a consequence of the Group has resumed its water park operation at Bukit Gambang during the financial period. This resumption was facilitated through outsourcing to a third-party operator, a strategy implemented by the Group during FY2023. (Page 8 of AR)</p> <p>a) Why did the Group outsource the operation of its water park operation at Bukit Gambang to a third-party?</p>

	<p>b) What is the expected yearly income to be paid by the third-party operator.</p> <p>c) What is the contract period with the third-party that operates the water park in Bukit Gambang?</p>
Hexstar Capital Berhad (AGM)	<p>1. Mr Ong Soon Lim is a Non-Independent Non-Executive Director of the Company. He is also the Group Managing Director of Binacom. His nephew, Dato Ong Choo Meng, is a substantial shareholder of HexCap (27.27% equity interests).</p> <p>Please provide more clarity on Mr Ong Soon Lim's roles within HexCap and his involvement with Binacom? Specifically, how does the Board ensure that his positions do not create conflicts of interest that may adversely impact the interests of HexCap shareholders?</p> <p>2. Please provide clarification on the increase in directors fees from RM204,000 for financial period ended 30 September 2023 to RM350,000 for 1 October 2023 until the next Annual General Meeting of the Company.</p> <p>3. What governance structures and oversight mechanisms are in place to ensure prudent management and supervision of Opcom Trading Sdn Bhd's activities as a licensed moneylender?</p>

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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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