



## 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.*

**25.11.2022**

### ❖ What GE15 outcome means to investors

Market sentiment has seen a roller coaster ride over the past few days.

The five-day political impasse after the 15<sup>th</sup> General Election (GE15) was held on 19 November 2022 has finally come to a close with the appointment of Datuk Seri Anwar Ibrahim as the 10<sup>th</sup> Prime Minister of Malaysia on 24 November.

Malaysia was left with a hung Parliament for the first time since its first general election in 1955 after no single party or coalition won enough seats to meet the 112-seat simple majority out of the 222 seats contested in GE15.

With mounting concerns over political stalemate, the first market trading day (21 November) after the election day triggered a knee-jerk reaction that resulted in a cumulative market capitalisation of RM7.32 billion (at one point) being wiped off from stocks on Bursa Malaysia.

Massive sell-off was seen in consumer products, banking, gaming and breweries stocks. The sell-down of gaming and breweries stocks alone amounted to an RM2.75 billion market cap erased on Monday. The selling pressures of these stocks were related to uncertainties around Malaysia's future political and policy direction.

The selloffs during the Monday morning session saw the FBM KLCI falling as much as 21.57 points to the intraday low of 1,427.75 points before rebounding to recoup most of its losses at the end of the trading day.

Many stock market analysts previously adopted a wait-and-see attitude in the near term until more clarity is visible on the economic and financial front, especially with the country still reeling with numerous uncertainties in the likes of ringgit depreciation, spiralling inflation, dismal food security prospect and rising national debt, among others.

## **Thrive on certainty**

Fast forward to last Thursday, the stock market rally seen has again proved that markets thrive on certainty and clarity.

On Thursday, Bursa Malaysia rebounded sharply after Yang Di-Pertuan Agong Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah named Anwar the new Prime Minister.

The FBMKLCI index rallied to a nearly three-month high on Thursday, jumping 58.38 points, or 4.04%, to end the day above the psychological 1,500 -mark at 1501.88 points compared to 1443.50 points the day before. Turnover increased sharply to 6.87 billion units worth RM4.19 billion versus 2.68 billion units worth RM1.63 billion on Wednesday.

Also rebounding sharply were 'sin stocks' in the gaming and brewery sectors which were hard hit since 21 November following initial concerns about a hung parliament and uncertainties over policies ahead.

The relief rally is on the back of the formation of a unity government which will likely comprise Pakatan Harapan (PH), Barisan Nasional (BN) and Gabungan Parti Sarawak (GPS) which would command a simple majority at the Dewan Rakyat. With political stability in place, more foreign investors are expected to return to Malaysian shores.

Elsewhere, the ringgit strengthened against the greenback on Thursday, climbing 1.8% to its highest in over two months. Ringgit was the best-performing Asian currency on Thursday. The market was also boosted by continued hope that price pressure has started to ease, with the US Federal Reserve's November meeting minutes showing interest rate hikes may slow soon.

Against the backdrop of bullish sentiment, CGS-CIMB Research raises its end-2022F FBM KLCI target to 1,602 points from 1,484 points.

## **Eyes on cabinet line-up and Budget 2023**

Next on investors' radar is the announcement of the Cabinet line-up and the tabling of the provisional and full Budget 2023. These agenda items are expected to have significant impact on the country's economic direction moving forward.

The previous Budget 2023 was tabled on 7 October by the then finance minister Tengku Datuk Seri Zafrul Abdul Aziz, with a total allocation of RM372.3 billion.

The Dewan Rakyat will reconvene on 19 December with the agenda of a vote of confidence to test lawmakers' support towards Anwar. The new Prime Minister also said that the government would also table and approve emoluments for civil servants first before the new or revised 2023 Budget is tabled again about a month later.

It is widely believed that medium-term fiscal policy will remain high on the agenda given the "populist" manifestos by all major coalitions, according to Maybank Investment Bank Research. To recap, the current medium-term fiscal target as per the 12th Malaysia Plan (12MP), is to reduce the budget deficit to 3.5% of GDP (gross domestic product) by 2025 (2022E: 5.8%).

Another critical area to monitor is the allocation of development expenditures in Budget 2023. The development expenditure allocated under the previously tabled Budget 2023 is at a record high of RM95 billion amid higher allocation for 12MP programmes and projects and bond redemption of US\$3 billion.

In terms of allocation by sector, the transport subsector accounts for the largest share, constituting 17.3% of total development expenditure through major infrastructure projects, especially the Pan Borneo Highway, the Gemas-Johor Baru Electrified Double Track project, East Coast Rail Link (ECRL), the Johor Bahru-Singapore Rapid Transit System (RTS) Link and the Central Spine Road.

Notwithstanding the appointment of Anwar as Malaysia's 10th PM, the market will remain wary of the enormous gains made by the opposition, especially in the sub-urban and rural Malay heartlands. MIDF Research also cautioned that there is still a risk of political instability "especially if those parties fail to co-exist in certain policies and matters".

But for now, investors can heave a sigh of relief as some political uncertainties impacting the Malaysian stock market are clear.

**Devanesan Evanson**  
**Chief Executive Officer**

### **MSWG AGM/EGM Weekly Watch 28 November – 2 December 2022**

For this week, the following are the AGMs/EGMs of companies in the Minority Shareholders Watch Group's (MSWG) watch list.

The summary of points of interest is highlighted here, while the details of the questions to the companies can be obtained via MSWG's website at [www.mswg.org.my](http://www.mswg.org.my).

<b>Date &amp; Time</b>	<b>Company</b>	<b>Quick-take</b>
28.11.22 (Mon) 10.00 am	Harbour-Link Group Berhad (AGM)	In FY2022, Harbour-Link's revenue increased by RM298.5 million to RM907.5 million from RM609 million reported in FY2021, driven by stronger contributions from the shipping and marine segment.  Meanwhile, its net profit had more than doubled to RM149.74 million in FY2022 due to improved freight rate, better utilisation of shipping space from Intra Asia trade, and a one-off reversal of impairment of vessels of RM5.97 million.
28.11.22 (Mon) 10.00 am	FM Global Logistics Holdings Berhad (AGM)	For FY2022, the company's revenue increased by 51% to RM1.15 billion compared to RM763.4 million in the year before.

		Revenue growth was primarily driven by its International Freight segment, which expanded by 62.2% to RM988.9 million, boosted by strong demand for its Sea Freight division, followed by Air Freight and Land Freight. Its net profit increased by 68.9% to RM45.6 million due to significant volume growth and improved profitability.
28.11.22 (Mon) 10.00 am	Menang Corporation (M) Berhad (AGM)	For FYE2022, the Group achieved a higher profit of RM22.6 million (FY2021: RM14.9 million) due to various prudent measures implemented to enhance the Group's financial position and cost efficiency. Besides, Menang's finance and administrative expenses were lower at RM6 million and RM1.1 million respectively, compared to the previous financial year.
28.11.22 (Mon) 10.00 am	Caely Holdings Bhd (AGM)	With a new and revamped board line-up, the agenda high on its directors' lists is to resolve ongoing legal disputes, underperforming businesses as well as to clear shareholders' doubts of a host of allegations involving suspicious transactions and fund misappropriation.
28.11.22 (Mon) 10.00 am	S & F Capital Berhad (AGM)	The Group registered a lower revenue of RM22.9 million in FYE2022 (FYE2021: RM26.8 million) mainly due to the near completion of existing construction projects. However, the Group cannot sustain the fixed and recurring overhead expenses, resulting in another year of losses. Nevertheless, its pre-tax loss decreased by RM7 million to RM1.9 million in FYE2022 (FY2021: LBT of RM9.0 million), mainly due to an impairment loss recorded in FY2021.
28.11.22 (Mon) 10.00 am	Karex Berhad (AGM)	Karex's FY2022 revenue increased marginally to RM421.6 million from RM419.8 million a year ago due to sales from new markets and the revision in product selling prices. However, factors such as high freight rates, price volatility of key raw materials and the implementation of higher minimum wages resulted in Karex's loss after tax widening to RM6.2 million from RM1.0 million a year ago.

28.11.22 (Mon) 03.00 pm	Kamdar Group (M) Berhad (AGM)	The Group's revenue for FY2022 was lower at RM62.66 million compared to RM90.58 million for the 15-month FP2021. It managed to turn around from a net loss of RM5.3 million in FP2021 to a net profit of RM5.446 million in FY2022 thanks to a gain of disposal of property, plant and equipment amounted to RM8.89 million and wages subsidy of RM2.88 million received from the government in response to the Covid-19 pandemic.
28.11.22 (Mon) 03.00 pm	Permaju Industries Berhad (AGM)	The Group's revenue declined by 25.6% y-o-y to RM22.4 million (FY2021: RM30.1 million), while its net loss improved by 19.49% to RM34.4 million (FYE2021: -RM42.8 million). The drastic decrease in losses was mainly due to lower administrative expenses and fair value loss on marketable securities.
29.11.22 (Tue) 10.00 am	Titijaya Land Berhad (AGM)	For FY2022, Titijaya posted an 8.4% increase in revenue to RM274.9 million compared to RM253.6 million in the preceding period.  The higher revenue was attributable to the completion and recognition of the sales of Mizu & H2O in Ara Damansara. Ongoing projects, namely The Riv in KL Sentral, The Shore in Kota Kinabalu and Aster & Adam in Klang, have also contributed to higher sales and progress billings, contributing to higher revenue.
29.11.22 (Tue) 10.00 am	CSH Alliance Berhad (AGM)	CSH's revenue doubled to RM37.27 million in FY2022, mainly contributed by the transportation and logistics and financial services segments.  Meanwhile, its pre-tax loss was lower at RM7.09 million compared to a pre-tax loss of RM16.36 million in FY2021.  The higher LBT recorded in FY2021 was mainly due to the loss on disposal of a subsidiary of RM10.81 million and impairment on other receivables of RM2.87 million.
29.11.22 (Tue) 10.30 am	MLABS Systems Berhad (AGM)	MLABS saw its revenue almost double to RM20.87 million (FYE2021: RM10.59 million), mainly attributable to its Enterprise Digitalisation Systems Integrator segment, which posted

		revenue of RM12.16 million (FYE2021: RM6.92 million), being 76% increase from the preceding year. As such, the Group recorded a lower net loss of RM13.04 million compared to RM15.04 million in the prior year, representing an improvement of 13%.
29.11.22 (Tue) 10.30 am	Scanwolf Corporation Berhad (AGM)	<p>Scanwolf's external auditor Messrs PKF PLT had highlighted the going concern of the Group and the Company as one of the Key Audit Matters (KAM) in its auditing of Scanwolf's FY2022 financial statements.</p> <p>For FY2022, the Group and the Company incurred net losses of RM17.07 million and RM14 million respectively.</p> <p>In addition, its significant subsidiaries have reported losses, net current liabilities, and low cash reserves during FY2022. As of 30 June 2022, the cash and bank balances of Scanwolf amounted to RM212,289 (FY2021: RM140,500).</p>
29.11.22 (Tue) 11.00 am	Chin Well Holdings Berhad (AGM)	<p>Its revenue increased by 33.8% to RM657.84 million in FY2022, mainly due to higher export sales to Europe, higher product selling prices and a stronger US dollar against the ringgit.</p> <p>Meanwhile, its pre-tax losses surged 273.2% to RM122.21 million. The Fasteners division contributed about 75% to the Group's revenue, with the remaining contributed by the Wire division. Europe and North America remained the two largest export markets, contributing 42.9% and 20.7% of total revenue in FY2022.</p>
29.11.22 (Tue) 12.00 pm	Rhong Khen International Berhad (AGM)	In FY2022, Rhong Khen's revenue fell by 17% to RM756.3 million, mainly due to lower sales and production from its Vietnam operations which faced lower production days caused by the lockdown, labour shortage issues, and lower shipments due to US port congestions and limited shipping vessels. Meanwhile, higher key input costs and expenses resulted in its net profit declining 34% to RM35.5 million in FY2022.

30.11.22 (Wed) 09.30 am	Bonia Corporation Berhad (AGM)	Bonia Corp's FY2022 net profit more than tripled to RM45 million from RM13.9 million a year ago, as revenue grew 28% to RM369.3 million. The jump in profit was attributed to improved margins from the rationalisation of discounts on its products.
30.11.22 (Wed) 10.00 am	Edaran Berhad (AGM)	The Group recorded a lower pre-tax profit of RM1.685 million in FY2022 (FY2021: RM5.291 million) considering the challenges it faced during the financial year. The lower profit was also hit by a 4.5% decline in revenue to RM47.93 million from RM50.17 million in the previous year and an overall increase in costs of 17%.
30.11.22 (Wed) 10.30 am	Zen Tech International Berhad (AGM)	The Group's revenue jumped by 45% y-o-y to RM 26.5 million (FY2021:RM 18.2 million) due to the improved demand for its gloves. The glove segment contributed revenue of RM24.4 million to the Group.  Its net loss improved to RM4.9 million compared to the net loss of RM 10.6 million in FY2021, aided by higher revenue despite impairments made on its investments in associate companies and subsidiaries.
30.11.22 (Wed) 11.30 am	Zen Tech International Berhad (EGM)	The EGM is to seek shareholders' approval for the proposed variation to the undertakings from the Existing Undertaking Shareholders in relation to the Proposed Rights Issue with the Additional Undertakings.  Approval from shareholders is sought to avoid the risk of triggering a mandatory general offer by the Existing Undertaking Shareholders who do not intend to undertake the potential general offer.
30.11.22 (Wed) 10.30 am	Metronic Global Berhad (AGM)	MGB has ventured into various new businesses in recent years such as property development, smart city solution, the distribution of COVID-19 test kits and solar energy to address its persistent loss-making status.  However, none of the abovementioned yield significant financial contributions to the Group.  For now, its financial performance remained heavily dependent on the

		bread-and-butter engineering division.
30.11.22 (Wed) 02.30 pm	Kobay Technology Berhad (AGM)	Kobay recorded a revenue of RM354.2 million in FY2022, which more than doubled the RM157.0 million in FY2021. Revenue growth was seen in manufacturing and property development, with the newly formed pharmaceutical segment started contributing to its topline. In line with its revenue growth, its net profit surged 91.9% to RM51.4 million. However, there was margin compression due to the addition of pharmaceutical business, which generally commands a lower profit margin than manufacturing and property development.
01.12.22 (Thur) 09.30 am	J F Technology Berhad (AGM)	J F Tech posted its best-ever financial performance in FY2022. Revenue rose 18.3% to RM45.3 million in FY2022 while its net profit increased 13.2% to RM17.2 million. The improvement was chiefly attributed to sustained demand from customers for its high-performance test contactors, encouraging sales from its test engineering solutions division, and the contribution from its new manufacturing facility in Kunshan, China.
01.12.22 (Thur) 10.00 am	Redtone Digital Berhad (AGM)	For FY2022, Redtone posted revenue of RM158.0 million, representing a 9.6% decrease compared to the previous financial year. Its revenue has been declining over the past four years.  Despite the lower revenue, net profit surged to RM39.5 million (FY2021: RM26.3 million), which was the highest over the past four years.  The management expects that the MTNS segment will increase its contribution to the Group while data services for the enterprise market will continue to be the focus in recurring businesses.
01.12.22 (Thur) 09.30 am	Hibiscus Petroleum Berhad (AGM)	Hibiscus posted revenue of RM1.7 billion in FY2022, more than double the RM804.8 million recorded in FY2021. Net profit jumped 530% to RM652.9 million from RM103.7 million a year ago. The Group completed the acquisition of Fortuna

		International Petroleum Corporation (FIPC) from Repsol Exploración, S.A for RM581 million early this year. With FIPC on board, the Group has grown its equity production to 20,000 barrels of oil equivalent per day.
01.12.22 (Thur) 11.00 am	Hibiscus Petroleum Berhad (EGM)	Hibiscus has proposed a capital reduction of RM800 million of its issued share capital and a share buyback of up to 10% of its issued shares. The capital reduction is meant to facilitate its proposed share buyback. By eliminating the company's accumulated losses, Hibiscus can use its retained earnings balance for share buyback.
02.12.22 (Fri) 10.00 am	Harn Len Corporation Bhd	Harn Len has proposed an 8-for-5 bonus issue of up to 411.17 million shares. The entitlement date for the bonus issue will be determined later. The bonus issue is expected to be completed by 4QFY2022.
02.12.22 (Fri) 11.00 am	FCW Holdings Berhad (AGM)	FCW Holdings' net profit grew by 47% to RM24.1 million in FY2022, coupled with higher revenue of RM28.9 million.  The higher net profit was mainly due to higher contributions from its Riana Dutamas joint venture property project. The pre-tax profit contribution from JV increased by 75% to RM22.8 million from RM13 million a year earlier.

<b>One of the points of interest to be raised:</b>	
<b>Company</b>	<b>Points/Issues to Be Raised</b>
Harbour-Link Group Berhad (AGM)	Please disclose the container vessels, tugboats and barges owned and leased by the group by category, year built, capacity and net book value, as the information about the vessels, tugboats and barges currently disclosed at the company website is brief and does not reveal some of the key information. Please also disclose such key information in future annual reports and/ or company website as this material information is helpful in investment decision-making.
FM Global Logistics Holdings Berhad (AGM)	The Group remains confident of extending its growth trend in FY2023 (page 36 of Annual Report FY2022). With global inflationary pressure, zero-Covid policy in China, geo-political tension in Europe and rising interest rate environment, what are the factors that could extend the growth trend of the group in FY2023? What is the Board's view on the group's freight forwarding and logistics handling volume and the group's average freight rates for FY2023 versus those for FY2022?

<p>Menang Corporation (M) Berhad (AGM)</p>	<p>During the financial year, the Company recognised impairment loss of RM25,276,000 in respect of certain investment in subsidiaries as these subsidiaries are continuously loss-making and the Company has determined the recoverable amount to be lower than the cost of investment of RM25,276,000. (Page 74 of AR)</p> <p>a) Please name the subsidiaries that have continuously incurred losses.</p> <p>b) What are the main businesses of these subsidiaries?</p> <p>c) Does the Group consider stopping these subsidiaries from operating as they may continue to incur losses?</p> <p>d) What are the measures taken to mitigate the subsidiaries from operating at losses?</p>
<p>Caely Holdings Bhd (AGM)</p>	<p>1. Legal quagmire, loss-making businesses, frequent boardroom changes, allegations of suspicious and irregular transactions, and alleged funds misappropriation by directors are critical issues the new Board faces.</p> <p>What is the primary focus of the new Board, and how do the newly appointed directors resolve these issues?</p> <p>2. On 18 April 2022, the Malaysian Anti-Corruption Commission (MACC) issued a freezing order to freeze all the bank accounts of Caely and its subsidiaries. Consequently, Caely could not make any payment to suppliers, salary banks or any party.</p> <p>The total sum of monies involved is reported to amount to approximately RM20.6 million (Key Audit Matters (iv), page 68 of AR2022)</p> <p>a) Caely's announcements back in April 2022 did not explain the events leading to the issuance of the freezing order. What led to the issuance of freezing order? Has the Board resolved these issues? How is the progress of unfreezing these accounts?</p> <p>b) Please enlighten shareholders on the cashflow situation of Caely, especially considering the frozen bank accounts and the claim that two shareholders had advanced to Caely approximately RM4 million to sustain the day-to-day operation and/or management costs of the Company (Announcement dated 8 November 2022).</p>
<p>S &amp; F Capital Berhad (AGM)</p>	<p>The Group's order book of approximately RM136 million as at September 2022 will contribute to its revenue for about two years. Despite the challenges and foreseeable hurdles ahead, the Group will not only continue to actively participate in tenders to replenish its order books and ensure positive contribution to the coming years, but to also tap onto any growth opportunities to ensure the sustainability of the Group (Page 9 of the Annual Report 2022).</p>

	<p>a) What is the targeted order book replenishment in the next two financial years?</p> <p>b) How much contract value is expected to be awarded to the Group under the current project tenders?</p> <p>c) With regard to sustainability, has the Group tapped onto any growth opportunities, to date? If so, what are the growth opportunities?</p>
Karex Berhad (AGM)	<p>Karex's FY22 revenue increased to RM421.6 mil from RM419.8 mil a year ago due to the capture of new markets and the implementation of price increases. However, factors such as high freight rates, price volatility of key raw materials and the implementation of higher minimum wages resulted in Karex posting a loss after tax of RM6.2 mil (page 14 of AR 2022).</p> <p>a) Please elaborate on the new markets that Karex have captured and the quantum of increase in selling prices for your products in FY22. Is there still room to increase selling prices without compromising market share?</p> <p>b) Based on your current outlook for Karex's key input costs coupled with the weaker ringgit, what is the likelihood of Karex returning to the black in FY23?</p> <p>c) Personal lubricant sales (which grew about threefold to RM43.9 mil in FY22) delivered a record year that helped to make up for the subdued demand for condoms (which sales fell 8.3% to RM336.5 mil in FY22). While the lower sales in condoms was attributed to condom markets remaining affected by lockdowns and inaccessibility, what were the factors that drove sales higher for personal lubricants? What is your sales target for personal lubricants in FY23 and what is the average gross profit margin for this product?</p>
Kamdar Group (M) Berhad (AGM)	<p>Due to Covid-19 pandemic and a shift in consumers' demand, taste and preferences, and proliferation of e-commerce which erodes the market share of the group's brick-and-mortar businesses, the group's revenue has declined from RM140.5m (annualised) for FY2018 to RM60.5m for FY2022. On page 15 and 16 of KAMDAR's Annual Report FY2019, the company had listed active measures taken to weather these changes.</p> <p>a) Does the Board expect the group's revenue to rebound in the foreseeable future following the reopening economy and as we move into endemicity?</p> <p>b) Are the above measures taken to weather the changes, as listed in the Annual Report FY2019, effective in revitalising the group's textile business? If not, what are the new measures to be taken to evolve and change to adopt to the changing business environment?</p>
Permaju Industries Berhad (AGM)	<p>The Group's unrealised fair value loss on marketable securities amounted to RM25.4 million (page 62 of AR2022), while purchase of marketable securities was RM16 million (page 63 of AR2022).</p>

	<p>a) Which quoted shares contributed to the unrealised fair value loss of RM25.4 million?</p> <p>b) What was the marketable securities of RM16 million that the Group purchased?</p> <p>c) Given that the Group continue to incur huge amount of unrealised fair value loss on marketable securities, what is the rationale for the additional purchase of marketable securities during the year?</p>
Titijaya Land Berhad (AGM)	<p>The Group's gross profit margin dropped from a high of 28.13% in FY 2021 to a low of 16.01%, a decrease of 12,12%. (Page 21 of AR)</p> <p>a) What was the reason for the sharp drop in gross profit margin for FY 2022?</p> <p>b) What measures the Group has taken to improve the gross profit margin in the coming financial year.</p>
CSH Alliance Berhad (AGM)	<p>CSH recorded a net loss of RM8.04 million on revenue of RM37.27 million in FY2022. Despite recording significant growth in revenue since FY2018, the Group remained in the red. (page 4 of Annual Report (AR) 2022)</p> <p>a) CSH has been lossmaking for the last 10 years. What were the main reasons for the continuing lackluster performance?</p> <p>b) Does the Group expect to turn profitable, and if yes, by when?</p>
MLABS Systems Berhad (AGM)	<p>Sales of wine and white goods amounted to RM1.06 million for the FYE 2022 which was lower by RM0.61 million as compared to the preceding FYE 2021 of RM1.67 million due to supply chain disruptions and product shortages. (page 19 of AR2022)</p> <p>a) To what extent has the supply chain disruptions and product shortages improved?</p> <p>b) With the various festive season round the corner, to what extent has the sales of wine improved, to-date?</p> <p>c) How will Winelouvre, which started in year 2020, compete against other wine distributors in Malaysia?</p>
Scanwolf Corporation Berhad (AGM)	<p>For FY2022, the Group incurred a net loss of RM17.07 million (FY2021: - RM217,247) primarily due to a lower financial contribution from the Property division and higher staff cost of RM16.17 million (FY2021: RM7.36 million) arising from expenses incurred for share issuance scheme (SIS) amounted to RM7.82 million.</p> <p>a) The financial performance of Scanwolf has been inconsistent in recent years. It posted net losses in three out of five financial years (refer to table below). Besides, the loss incurred in FY2022 was also the highest over the past five years.</p>

	FY2022	FY2021	FY2020	FY2019	FY2018
Revenue (RM'000)	39,217	48,808	30,896	48,701	62,466
Net profit (RM'000)	(17,074)	(217)	622	(5,631)	535

What are the strategies to improve the Company's financial performance in a sustainable manner?

- b) In FY2022, Scanwolf's net cash from operating activities deteriorated to -RM27.59 million from RM4.42 million in the year before (page 65 of AR2022).

At the same time, Scanwolf relied heavily on fundraising activities (e.g., issuance of ICULS, private placement, banker's acceptance) to fund its daily operations with net cash from financing activities increasing to RM28.38 million from -RM3.91 million in the previous year (page 66 of AR2022).

When will Scanwolf be able to generate positive cash flow from operating activities without relying on financing activities to keep the business running?

Chin Well Holdings Berhad (AGM)

The supply of wire rod and fluctuation of its price remain one of the major business challenges of the Group. When there is a shortage of supply and the prices of wire rod fluctuate, the Group's profit margin will be impacted in short term. To mitigate the risk, the Group has been constantly monitoring the price movement of the wire rod and would purchase in bulk to secure more competitive pricing. It is also the practice of the Group to source its raw material from various sources so that it not reliant on a single supplier. (page 18 of AR 2022)

- a) How is the trend of the global wire rod price so far this year? What is the outlook for the next 12 months?
- b) How long does it take to pass on the higher/lower cost to your customers?
- c) Where do you source for wire rod? Please provide the breakdown by suppliers or countries.

Rhong Khen International Berhad (AGM)

The Group's revenue from its Vietnam operations fell by 20.7% (RM152.7 mil) in FY22 mainly due to lower production days caused by the lockdown, manpower shortage issues, and lower shipments due to US port congestions and limited shipping vessels (page 5 of AR 2022).

- a) If the Vietnam operations were not faced with those issues, would the Group have been able to match or exceed its all-time high revenue of RM911.9 mil achieved in FY21? Were there sufficient orders in FY22 that would have allowed the Vietnam operations to operate at optimal capacity?

	<p>b) Is the Group currently facing any operational issues at its factories in Vietnam, Malaysia or Thailand? What is the current utilisation rate at the Group's factories in Vietnam, Malaysia and Thailand?</p>																		
Bonia Corporation Berhad (AGM)	<p>There are concerns that the rising cost of living will lead to lower consumer discretionary spending in the retail segment. Globally, there has been a rise of downtrading where consumers switch from premium to lower-end products or brands.</p> <p>What is the brand position of Bonia and Braun Buffel? To what extent do you expect the Group's main brands to be insulated from consumer downtrading and lower discretionary spending? Has the Group noticed any shifts in consumer behaviour (in terms of buying routines, etc.)?</p>																		
Edaran Berhad (AGM)	<p><u>Financial Performance</u></p> <table border="1"> <thead> <tr> <th>Financial Results</th> <th>FY2022 (RM'000)</th> <th>FY2021 (RM'000)</th> <th>FY2020 (RM'000)</th> <th>FY2019 (RM'000)</th> <th>FY2018 (RM'000)</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>47,930</td> <td>50,168</td> <td>45,378</td> <td>54,090</td> <td>150,285</td> </tr> <tr> <td>Profit/(loss) for the year</td> <td>517</td> <td>2,512</td> <td>(3,380)</td> <td>(4,949)</td> <td>6,936</td> </tr> </tbody> </table> <p><i>(Source: Page 31 of the Annual Report 2022)</i></p> <p>As shown above, EDARAN's revenue decreased to RM47,930,000 in FY2022 while the profit for the year fell to RM517,000 compared to FY2021. Both top-line and bottom-line results decreased by 4.46% and 79.42%, respectively.</p> <p>a) How does the Board plan to address EDARAN's top-line and bottom-line results moving forward?</p> <p>b) What is the prospect of achieving better performance in FY2023?</p>	Financial Results	FY2022 (RM'000)	FY2021 (RM'000)	FY2020 (RM'000)	FY2019 (RM'000)	FY2018 (RM'000)	Revenue	47,930	50,168	45,378	54,090	150,285	Profit/(loss) for the year	517	2,512	(3,380)	(4,949)	6,936
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Zen Tech International Berhad (AGM)	<p>The Group has opened new markets such as China, India and Egypt and are exploring other new markets for its gloves (page 16 of AR2022). The glove segment had contributed RM 24.366 million to the Group's total revenue of RM26.48 million. (page 17 of AR2022)</p> <p>a) What is the percentage breakdown of the gloves produced by the Group for local and export market??</p> <p>b) What is the breakdown for the glove revenue contribution by countries?</p> <p>c) What are the other new markets that the Group is exploring to export its gloves to?</p>																		
Metronic Global Berhad (AGM)	<p>MGB started venturing into the solar energy industry in July 2021 via the subscription of 70% stake in Sinaran PPA Sdn Bhd (SPSB) for RM1 million. SPSB later secured two power purchase agreements (PPA) with a total capacity of 4.121 megawatts for the next 25 years on a tariff of 23 sen per kWh.</p>																		

	<p>Currently, SPSB is conducting the engineering, procurement, construction and commissioning (EPCC) for the said projects in the Northern region (page 3, Annual Report 2022).</p> <p>a) In a reply to MSWG dated 18 March 2022, MGB expected "the two solar plants to be energised by 7 December 2022".</p> <p>Is SPSB currently on track to achieve the said Commercial Operation Date for the two solar PV plants?</p> <p>b) Why were the principal activities of SPSB listed as "currently dormant" as the entity is supposed to carry out solar PV projects (Note 9 – Investment in subsidiaries, page 96 of AR2022)?</p>
Kobay Technology Berhad (AGM)	<p>The manufacturing segment saw its revenue jumped 71.4% from RM140.8m for FY2021 to RM241.3m for FY2022.</p> <p>a) What was the production capacity as at 30 June 2022?</p> <p>b) What was the average capacity utilisation rate for FY2022?</p> <p>c) Does the group have any plan to expand the production capacity?</p> <p>d) What is the outstanding order book as at 30 June 2022?</p>
J F Technology Berhad (AGM)	<p>JFTECH's facility expansion in Malaysia is taking shape and targets to be completed by end-FY2023. The Group is doubling its facility built-up space in Kota Damansara, Selangor by adding another 50,000 square feet (sf) to the existing 46,000 sf, bringing the total area to 96,000 sf. (page 12 of AR 2022)</p> <p>a) What is the total capex for this expansion? Please provide the breakdown of the capex. (eg. land cost, construction cost for new factory, purchase of new machineries, working capital etc)</p> <p>b) What was the utilisation rate for the existing 46,000 sf plant in FY2022?</p> <p>c) How many employees do you have for the existing plant? And how many do you plan to employ for the new plant?</p>
Redtone Digital Berhad (AGM)	<p>1. In the last four financial years, revenue has been declining and FY 2022 was the lowest. However, profit after tax was the highest in FY 2022. (page 16 of AR 2022)</p> <p>a) What were the main reasons for the continuous declining revenue? What key measures were adopted to improve the revenue?</p> <p>b) How did the Group manage to register the highest profit after tax despite recording the lowest revenue in FY 2022? Is the much higher profit sustainable?</p> <p>2. Group trade receivables from third parties decreased from RM49.280 million in FY 2021 to RM42.571 million in FY 2022.</p>

	<p>Allowance for expected credit loss increased from RM845,000 to RM4.630 million over the same period. Allowance for expected credit loss for other receivables increased from RM2.048 million to RM5.574 million. (pages 128 and 129 of AR 2022)</p> <p>a) What were the main reasons for the substantial increase in allowance for expected credit loss from trade receivables? What is the probability of recovering the amount set aside as allowance?</p> <p>b) What is the nature of other receivables? What were the main reasons for the substantial increase in allowance for expected credit loss from other receivables? What is the probability of recovering the amount set aside as allowance?</p> <p>c) In view of the significant increases in allowances set aside, is the Management taking any measures to review the credit risk management policies?</p>
Hibiscus Petroleum Berhad (AGM)	<p>The Group completed the acquisition of Fortuna International Petroleum Corporation (FIPC) from Repsol Exploración, S.A for USD138.65 million (RM581 million) on 24 Jan 2022. FIPC owns participating interests (ranging from 35-70%) in 5 Production Sharing Contracts in Malaysia and Vietnam. With FIPC on board, the Group has grown its equity production to 20,000 barrels of oil equivalent (boe) per day. (page 25 and 65 of Annual Report (AR) 2022)</p> <p>a) What is the expected return on investment from this RM138.65 million acquisition? What are the key assumptions used such as projected oil prices, expected production rate, economic life etc?</p> <p>b) What is the budgeted capex for FIPC for FY2023 and FY2024?</p> <p>c) The Group has a new target equity production of 35,000 – 50,000 boe per day and 2P reserves of 100 million boe by 2026. What are your plans to achieve these targets?</p>
FCW Holdings Berhad (AGM)	<p>In FY2022, the Group's property development segment recorded a higher profit of RM22.8 million (FY2021: RM13 million) mainly due to its Riana Dutamas project (a 50:50 joint venture with IJM Land Bhd). Phase 1 of the project was completed in August 2021 and the ongoing Phase 2, with a gross development value (GDV) of RM590 million, saw encouraging take-up rates (page 16 of AR 2022).</p> <p>a) What is the latest take-up rate for Phase 2 of the Riana Dutamas project? What is the project's current unbilled sales and expected completion date?</p> <p>b) Phase 3 of Riana Dutamas is said to be coming soon, according to information on the project's website. Please provide details of Phase 3, such as the estimated GDV,</p>

	gross development cost (GDC), expected launch date and timeframe for completion.
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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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