

The Observer

25.09.2020

❖ **Private placement red flags minority shareholders should pay heed to**

Many cash-strapped companies which require working capital to ensure business continuity at a time when the COVID-19 pandemic is wreaking havoc in the global economy are increasingly seeking the private placement channel to raise funds.

On 9 September, Hibiscus Petroleum Bhd said it is hoping to raise up to RM2 billion – more than double its current market capitalisation – from a proposed private placement of convertible redeemable preference shares (CRPS) to acquire good-value, high-quality producing oil and gas (O&G) assets.

The O&G exploration and production company said it views the proposed private placement exercise as the most appropriate mechanism for fund raising to optimise the chances of acquiring attractive assets in a timely manner.

On 18 September, piling and foundation specialist Econpile Holdings Bhd proposed a private placement of up to 133.7 million new shares or 10% of its total issued shares to provide flexibility in allocating financial resources for the group's operations.

Based on the indicative issue price of the placement shares of 57 sen – about 5% discount to its five-day volume weighted average price – the company can expect to raise as much as RM76.7 million from the corporate exercise.

Of the 79 private placements announced between 1 January and 3 September this year, 57 of them or 72.15% were announced from May onwards – when it was clear that the COVID-19 health crisis and the Movement Control Order would cause business disruptions (source: *The Edge Malaysia CEO Brief*, 8 September 2020).

Recall that Bursa Malaysia has on 16 April upped the private placement general mandate to 20% of a company's issued share capital from 10% previously as it recognises the need "for listed issuers to resume operations and raise funds quickly and efficiently" amid the current state of economic uncertainties.

Stating that the 20% margin is still lower than other developed economies like Hong Kong or Singapore, the market regulator said the interim measure would be effective until December 2021.

The motivation factor

At a glance, private placement or secondary stock offering has emerged the preferred fund-raising path.

A private placement does not entail a prospectus and very often, detailed financial information is not disclosed. Above all else, it can be executed swiftly (and cost-effectively) without the hassle of having to secure the green light from market regulator/s.

However, when a listed entity embarks on a private placement exercise, existing shareholders often sustain at least a short-term loss from the resulting dilution of their shares. Mathematically, the pie has not changed in size but the slice has shrunk to reflect the increased share count.

The dilution of shares commonly leads to a corresponding decline in share price.

Nevertheless, stockholders may see long-term gains if the company can effectively leverage proceeds from the private placement as an investment tool to increase its revenues and profitability.

Or if the new investors are strategically important and it becomes worthwhile to offer them stock price at a discount.

An important factor in determining the long-term impact on the share price is obviously the reason behind a private placement itself.

If the motivation for the private placement is an outstanding opportunity for rapid growth which requires additional funding, then the eventual profits derived from the company's expansion may push its stock price substantially higher.

Another possible motivation for doing a private placement could be that the company cannot attract large numbers of institutional or retail investors. This might be the case if the company's market sector is currently considered unattractive or there are only a few analysts covering the company.

In most cases, companies often witness their value depreciating and the private placement is the most viable option to raise funds in order to ensure long term business sustainability.

However, if the company is on the verge of insolvency and did the private placement as a means to prevent bankruptcy, surely the corporate exercise would not bode well for the shareholders.

Likewise, a private placement will be a bane to shareholders if the company is negotiating poorly or worse, the exercise takes the form of a kickback scheme or some self-dealing on the part of the major shareholders or company founders.

Sometimes, private placements to a 'friendly party' may be an effort to thwart an impending hostile takeover or to strengthen the grip on the PLC by a particular party.

Safeguard measures for minority shareholders

Taking into account the above scenarios, below are some questions that minority shareholders should consider whenever companies that they invest in embark on a private placement exercise:

- Have one or more private placements been made lately? When was the exercise carried out? Were the monies used responsibly?
- Who are the placees and what are the sizes of the placements? The latter will give some idea of the dilutive effect.
- How many shares are now outstanding and were outstanding when the last year-end statement was made? This too will give some idea of the dilutive effect.
- Is the company still seeing an increase in value (share price) despite the announcement/execution of the placement?
- How long is it expected to take the company to show an increase in profit after the private placement exercise?
- Whether the placement is at a premium to market prices or at a discount? Large discounts may sometimes be suspicious.

In addition to having minority shareholders safeguarding themselves by ensuring they possess sufficient knowledge about the company that they invest in, listed issuers, too, are duty-bound to disclose the views of their board of directors that the 20% general mandate for the undertaking of the private placement exercise is in the best interest of the company and its shareholders.

Similarly, given the non-disclosure condition of the placees, market regulator/s may consider making it mandatory for listed issuers to disclose the portion of institutional and private investors for the reference of future investors.

Devanesan Evanson
Chief Executive Officer

MSWG AGM/EGM Weekly Watch 28 September – 2 October 2020

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	Broadcast Venue/Venue
28.09.20 (Mon) 10.00 am	AirAsia Group Bhd (AGM)	Broadcast Venue at Redq, Jln Pekeliling 5, Lapangan Terbang KLIA 2, KL
28.09.20 (Mon) 10.00 am	Benalec Holdings Bhd (AGM)	Glenmarie Ballroom, Holiday Inn Kuala Lumpur Glenmarie, Shah Alam
28.09.20 (Mon) 10.00 am	Dominant Enterprise Bhd (AGM)	Holiday Villa Hotel, Ruby 5, Jalan Dato Sulaiman, Taman Abad, JB
28.09.20 (Mon) 10.30 am	ACME Holdings Bhd (AGM)	Kelawai Room, Evergreen Laurel Hotel, Persiaran Gurney, Georgetown, Penang
28.09.20 (Mon) 10.30 am	Oversea Enterprise Bhd (EGM)	Restoran Oversea Bandar Baru Sri Petaling
28.09.20 (Mon) 11.00 am	Lay Hong Bhd (AGM)	Level 9, Wisma Lay Hong, Jalan Empayar Off Persiaran Sultan Ibrahim/KU1, Klang
28.09.20 (Mon) 11.00 am	AT Systemization Bhd (AGM)	Menara Lien Hoe, Persiaran Tropicana, Tropicana Golf & Country Club, PJ
28.09.20 (Mon) 11.00 am	Oversea Enterprise Bhd (AGM)	Restoran Oversea Bandar Baru Sri Petaling
28.09.20 (Mon) 11.00 am	Perak Corporation Berhad (AGM)	Casuarina at Meru Hotel, Jalan Meru Casuarina, Bandar Meru Raya, Ipoh, Perak
28.09.20 (Mon) 11.30 am	TA Enterprise Bhd (AGM)	The Auditorium, Level 10, Menara TA One, Jalan P Ramlee, KL
28.09.20 (Mon) 11.30 am	YLI Holdings Bhd (AGM)	Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Tower, Bangsar South
28.09.20 (Mon) 02.00 pm	SCGM Bhd (AGM)	PTD 109444, Jalan Sengkang, Kawasan Perusahaan Sri Sengkang, Kulai, Johor
28.09.20 (Mon) 03.15 pm	Omesti Bhd (AGM)	Ho Hup Tower, Aurora Place, Plaza Bukit Jalil, Bukit Jalil, KL
29.09.20 (Tue) 10.00 am	Bintai Kinden Corporation Bhd (AGM)	Broadcast Venue at Boardroom 3-2-8, Kompleks Kantonmen Prima, Jalan Ipoh, KL

29.09.20 (Tue) 10.00 am	Solid Automotive Bhd (AGM)	PLO 436, Jalan Gangsa, Kawasan Perindustrian Pasir Gudang, Johor
29.09.20 (Tue) 10.00 am	Kamdar Group (M) Bhd (AGM)	Broadcast Venue at Board Room 7th Floor, No.7 Jalan Tunku Abdul Rahman, KL
29.09.20 (Tue) 10.00 am	LB Aluminium Bhd (AGM)	Stafffield Country Resort, Jalan Seremban-Kuala Lumpur, Mantin, N9
29.09.20 (Tue) 10.00 am	QL Resources Bhd (AGM)	Broadcast Venue at QL Training Hall, Bukit Jelutong, Shah Alam
29.09.20 (Tue) 10.30 am	Computer Forms (Malaysia) Bhd (AGM)	Broadcast Venue at The Conference Room, Menara JKG, Jalan Raja Laut, KL
29.09.20 (Tue) 11.30 am	Talam Transform Bhd (AGM)	Pusat Konvensyen, Triumph Convention Centre, Menara Maxissegar, Pandan Indah
29.09.20 (Tue) 02.30 pm	GPA Holdings Bhd (AGM)	Broadcast Venue at The Conference Room, Menara JKG, Jalan Raja Laut, KL
29.09.20 (Tue) 03.00 pm	Kumpulan Fima Bhd (AGM)	Broadcast Venue, Training Room, Kumpulan Flma Bhd, Plaza Damansara
30.09.20 (Wed) 10.00 am	Jasa Kita Bhd (AGM)	Broadcast Venue at The Conference Room, Menara JKG, Jalan Raja Laut, KL
30.09.20 (Wed) 10.30 am	Sentoria Group Bhd (AGM)	Arabian Ballroom, Bukit Gambang M.I.C.E Centre, Kuantan, Pahang
30.09.20 (Wed) 10.30 am	Magni-Tech Industries Bhd (AGM)	Berjaya 1, Berjaya Penang Hotel, 1-Stop Midlands Park Centre, Jln Burmah, Penang
30.09.20 (Wed) 11.00 am	Lingkaran Trans Kota Holdings Bhd (AGM)	Broadcast Venue, Tricor Business Centre, Manuka 2 & 3, Vertical Business Centre
30.09.20 (Wed) 11.00 am	Widetech (M) Bhd (AGM)	Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Off Jalan Damansara, KL
30.09.20 (Wed) 02.30 pm	Esthetics International Group Bhd (AGM)	Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Tower, Bangsar South
01.10.20 (Thur) 10.00 am	ES Ceramics Technology Bhd (AGM)	Arcadia I, Level 3, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, PJ
01.10.20 (Thur) 11.30 am	Hai-O Enterprise Bhd (AGM)	Broadcast Venue at 6th Floor, Menara Hai-O, Jalan Bukit Bintang, KL

One of the points of interest to be raised:

Company	Points/Issues to Be Raised
AirAsia Group Bhd (AGM)	AirAsia has ongoing deliberations with a number of parties for joint-ventures and collaborations that may result in additional third-party investments in specific segments of the group's business.

	<p>Barring any reversal of flight resumption plans and any major shock to demand, AirAsia foresees that it has sufficient working capital to sustain the business operations. (Page 28 of 2nd quarter report for FY2020)</p> <ul style="list-style-type: none"> a) Are the ongoing deliberations expected to be finalized in FY2020 and are the investments substantial? b) In view of the worsening financial condition (Q2 FY2020: Net loss of RM992.9 million attributable to owners; Q2 FY2019: Net profit of RM17.3 million), approximately, for how long does the Board expect the working capital to sustain the business operations? c) What is the estimated timeline to solve the liquidity constraints in order to revert to a 'going concern'? d) Was there any reassessment of right-of-use ("ROU") assets and any other affected areas for impairment? What is the amount impaired? If there was no reassessment done, why?
Benalec Holdings Bhd (AGM)	<p><u>Financial Performance</u></p> <p>a) The Group has recorded a loss before taxation of RM64,110,107 in the financial period ended 2019 (FPE2019) (FY2018: Profit before taxation of RM4,403,742) (Page 66 of the Annual Report 2019).</p> <p>How does the Board plan to address the bottom-line result, moving forward?</p> <p>b) There is impairment loss on contract asset of RM25,609,992 recorded in FPE2019 (FY2018: RM Nil) (Page 74 of the Annual Report 2019).</p> <p>Is there any impairment loss on contract asset expected in FY2020? If so, how much is the expected amount?</p>
Dominant Enterprise Bhd (AGM)	<p>The Group had taken measures to increase exposure of its products and services across the board via electronic commerce and various online shopping platforms. (Page 4 of AR)</p> <p>What has been the Group's experience in marketing its products and services via electronic commerce and various</p>

	online shopping platforms and the amount of revenue generated henceforth?
ACME Holdings Bhd (AGM)	<p>The Company has paid deposits for the purchase of 52 pieces of freehold vacant lots for shop houses amounting to RM755,187 (2019: RM755,187). The purchase of vacant lots has not been completed as the vendor has yet to fulfil all condition precedent associated with the sale and purchase ("S&P") agreement.</p> <ul style="list-style-type: none"> a) Why did the company not rescind the S&P agreement that was signed on 18 April 2016 as it has been outstanding for 4 years? b) Why is the vendor unable to fulfil all the conditions precedent associated with the S&P agreement? c) Will the Company face any difficulty in claiming back the deposit if it decides to rescind the agreement?
Lay Hong Bhd (AGM)	<p>The Group's impairment losses on trade receivables increased to RM11.5 million (2019: RM9.7 million) (Note 14, page 112 of AR2020).</p> <ul style="list-style-type: none"> a) What is the aging of these impairment losses on trade receivables in the following categories: 1 to 3 years and over 3 years, respectively? b) What actions have been taken to recover the said amount? c) What is the probability of recovering the impaired amount? To-date, how much of the impairment losses on trade receivables have been recovered?
AT Systemization Bhd (AGM)	<p>There was a sharp rise in impairment loss on receivables from RM1.6 million in FY2019 to RM5.9 million in FY2020. (Page 86 of AR)</p> <ul style="list-style-type: none"> a) What accounted for the sharp increase? What is the probability of recovery? How much of the impairment loss has been recovered to-date? b) The Board should review and enhance the credit risk management policies and procedures to mitigate such credit risks.

Oversea Enterprise Bhd (AGM)	<p>The Group restaurant segment suffered losses from impairment of assets amounting to RM3.87 million and write-off of equipment, during the closure of outlets, amounting to approximately RM1.43 million, set off with reversal of impairment of RM1.32million previously provided. (Page 11 of AR).</p> <ul style="list-style-type: none"> a) Why was the impairment of assets of RM3.87 million made? Is there any likelihood of further impairment of assets in FY2021? b) Which outlets were closed in FY2020?
Perak Corporation Berhad (AGM)	<p>On 4 December 2019, Affin Investment has put Animation Theme Park Sdn Bhd ("ATP") under receivership and has appointed Datuk Duar Tuan Kiat of Messrs Ernst & Young as receiver and manager ("R&M") over the property plant & equipment and inventories under the terms of a debenture dated 10 July 2014 ("Debenture") given to Affin Hwang Investment Bank Berhad. As part of receivership strategy, the R&M has ceased the operations of Movie Animation Park Studio (MAPS) on 28 January 2020. Thereafter, the R&M will proceed to conduct an offer for sale exercise to identify strategic investors for the sale of the charged assets of ATP (page 14 of Annual Report 2019 ("AR2019")).</p> <ul style="list-style-type: none"> a) What is the current status of the sale exercise? Are there any interested buyers/investors for the sale of the charged assets of ATP? b) To-date, what is the total loan amount that the banks are demanding for? c) Will the sale be sufficient to revert the Group to a 'going concern'?
TA Enterprise Bhd (AGM)	<p>As at 30 June 2020, TAE recorded a significant increase of 35% in current liabilities to RM2.39 billion from RM1.77 billion as of 31 December 2019, primarily driven by increase of 30% (RM410.95 million) and 37% (RM202.62 million) in borrowings and payables to RM1.79 billion and RM544.49 million respectively. At the meantime, TAE has RM1.04 billion cash on hand.</p> <ul style="list-style-type: none"> a) To which business segment is the substantial increase in current liabilities related to?

	<p>b) What is TAE's current gearing ratio? Does the Company have further room to gear-up? Is there any plan to utilize existing cash on hand to pare down borrowings for better capital management?</p>
YLI Holdings Bhd (AGM)	<p>The Group recorded a loss after tax of RM10.115 million in FY2020 as compared to a loss after tax of RM21.742 million for FY2019 (Page 5 of the Annual Report 2020). This represents a reduction in loss of RM11.627 million or 53.47%.</p> <p>Considering the reduction in loss recorded in FY2020, will the Group be able to achieve a positive bottom-line result next year? If not, when is YLI expected to be profitable?</p>
SCGM Bhd (AGM)	<p>SCGM acknowledged the negative sentiment of public towards plastic products due to its environmental impact. Moreover, public are encouraged to reduce the use of single-use plastic products F&B packaging products – a segment that SCGM heavily relied upon.</p> <ul style="list-style-type: none"> a) How will the evolving public perception towards plastic products influence SCGM's strategy and business direction in the future? b) What percentage of the F&B packaging products are eco-friendly? c) Are there plans to increase the production of degradable products? Have any milestone targets been set? d) SCGM is looking to increase its eco-friendly product range and already have several products in various stages of R&D. What are the products that are available for commercialization in the near term?
Omesti Bhd (AGM)	<p>The Group was appointed by Huawei Technologies Co Ltd as Authorised System Integration Partner for its Business Support Systems (BSS) (page 3 of Annual Report 2020 ("AR2020")).</p> <p>To what extent will this contribute to the Group's top and bottom line, going forward?</p>
Bintai Kinden Corporation Bhd (AGM)	<p>BKCB's net current liabilities stood at RM31.8 million as at 31 March 2020. With negative operating cash flow of RM21.5 million, how would BKCB satisfy the repayment obligations for borrowings, other liabilities and cost overheads which are due in the next 12 months?</p>

Solid Automotive Bhd (AGM)	<p>'Inventories written down' increased significantly to RM2.6 million (2019: RM0.4 million) (Note 12, page 83 of AR2020).</p> <ul style="list-style-type: none"> a) Are the inventories written down still salable? Are there any foreseeable write-downs for the financial year ending 2021? b) How much of the write down relate to obsolete inventories?
Kamdar Group (M) Bhd (AGM)	<p>Kamdar has made an impairment on investment in subsidiaries amounted to RM62.5 million in FY19 on subsidiaries namely - Pusat Membeli-Belah Kamdar Sdn Bhd, Pusat Membeli-Belah Kamdar (PG) Sdn Bhd and Kamdar (South) Sdn Bhd (page 57 of AR2019) due to lower recoverable value than the net assets value of the subsidiaries.</p> <p>Further to this, the Company made additional impairment on subsidiaries worth RM14.11 million in FY20 (page 88 of AR2020). What caused the lower recoverable value of the subsidiaries' net tangible asset?</p>
LB Aluminium Bhd (AGM)	<p><u>Aluminium Segment</u></p> <ul style="list-style-type: none"> a) The Segment has implemented cost cutting measures including hiring freeze as well as adopting other steps to reduce operational costs and improve efficiency (Page 60 of the Annual Report 2020). <p>What has the Segment achieved in terms of cost savings from the cost cutting measures? What are the areas for enhancement that the Segment has identified to improve efficiency?</p> <ul style="list-style-type: none"> b) What is the latest capacity utilisation rates for the Segment's plants? What is the planned optimal utilisation rates that the Segment expects for the plants in FY2021? c) The Segment had provided impairment loss on trade receivables of RM4.7 million for FY2020 as a result of longer trade receivables aging due to the MCO. This provision is expected to be gradually reversed after the financial year end, as and when collections from trade receivables are normalised (Page 60 of the Annual Report 2020). <ul style="list-style-type: none"> i. Which trade receivables are subject to the impairment loss?

	<p>ii. What are the measures taken to collect the trade receivables? When does the Segment expect the collections from trade receivables are normalised?</p> <p>iii. How much of the impairment loss on the trade receivables have been recovered to-date?</p>
QL Resources Bhd (AGM)	<p>In relation to FamilyMart convenience store business:</p> <p>a) The FamilyMart convenience store business had begun to be profitable within two years and the initial target of opening 300 stores by FY2022 is well within the Group's ability based on the current track record (page 29 of AR2020).</p> <p>i) What was the revenue and profit contribution from FamilyMart to the Group in FY2020?</p> <p>ii) What is the estimated number of FamilyMart stores to be opened in financial year ending 2021?</p> <p>b) QL's business pillars are classified as an essential service and allowed to operate subject to Standard Operating Procedure (SOP), except for some FamilyMart outlets which were located in premises that were ordered to close during the Movement Control Order (MCO) period (page 26 of AR2020).</p> <p>i) How many FamilyMart outlets were ordered to close during MCO period?</p> <p>ii) To what extent has this impacted FamilyMart's contribution to the top and bottom line of the Group?</p> <p>c) QL is investing into an additional central kitchen to support FamilyMart's enlarging footprint in Malaysia (page 29 of AR2020).</p> <p>Which region in Malaysia will this additional central kitchen be located? When will this additional central kitchen be in operation? What is the capital expenditure to be incurred?</p>
Computer Forms (Malaysia) Bhd (AGM)	<p>Revenue of CFM declined 13.1% to RM30.39 million from RM34.96 million in FY19. However, it continued to be in red with net loss of RM1.9 million posted in FY20 (FY19: RM2.9 million). CFM will continue to focus on existing businesses and review the sustainability and viability of each business segment.</p>

	<p>a) The Business Forms and Data Print Services segment is facing decreasing sales and weak margins as we move towards a digitalized society, thus causing decreasing demand for business forms, cheques and paper statements.</p> <p>Given the fundamental weaknesses of the existing business, why does the Company state that it will focus on existing businesses?</p> <p>b) In a reply to MSWG on questions raised during AGM for FY19, CFM said it was aggressively promoting its digital solutions such as document management solutions, archiving services, etc. to overcome the decline in physical statement printing.</p> <p>How has the digital business fared? Does it have the potential to offset the declining contribution from the physical documents printing business? What is the percentage contribution of the digital business to revenue?</p>
Talam Transform Bhd (AGM)	<p>The Group is exploring venturing and expanding into agriculture and horticultural commercial farming. The Group's existing abundant landbanks can be monetised to create a new stream of revenue flow to cater for a rising demand for essential and secure food supplies and in turn generating new cash flow and profitability for the Group.(page 14 of Annual Report)</p> <p>a) What is the latest development of the Group's venture into agriculture and horticulture commercial farming?</p> <p>b) What is the size of the land that is earmarked for the agriculture and horticultural commercial farming?</p> <p>c) Is the Group partnering with third parties that have the expertise in agriculture and horticulture commercial farming?</p> <p>d) When does the Group expect the agriculture and horticulture commercial farming to start contributing to the Group's profit?</p>
GPA Holdings Bhd (AGM)	For FY2020, two scheduled Board Meetings were held with full attendance of all Directors (page 22 of AR2020).

	<p>a) What is the reason for such a low number of Board meetings held during the year?</p> <p>b) Does this mean that some of the four quarterly results were not tabled at Board meetings for approval?</p>
Kumpulan Fima Bhd (AGM)	<p>KFIMA made an impairment loss of RM17.79 million on property, plant and equipment and right-of-use assets in PT Nunukan Jaya Lestari (PTN JL) after the Mahkamah Agung of Indonesia allowed the judicial review application by Menteri Agraria and Tata Ruang/Kepala Badan Pertanahan Nasional against PTN JL over a land title dispute.</p> <p>a) Does the Board foresee further impairment or reversal on PTN JL in FY21?</p> <p>b) What are the operational impacts arising from PTN JL due to the ongoing material litigation with the Indonesian government?</p> <p>c) How will the material litigation affect the status of PTN JL's Hak Guna Usaha (HGU) of the 19,974 hectares land which will lapse in year 2038? Are the allegedly overlapping 3,500 hectares land (which is within PTN JL's HGU) currently in operation (page 216 – 217, Note 46 Material Litigation, Annual Report 2020)?</p> <p>d) PTN JL could not produce nor sell any CPKO in the first three quarters of FY20 due to issues related to the plant's operating license (page 38 of AR2020). What are the issues on the plant's operating license? When are these expected to be resolved?</p> <p>Will the plantation division be able to turn around in FY21?</p>
Jasa Kita Bhd (AGM)	<p>The Group had taken measures to increase exposure of its products and services across the board via electronic commerce and various online shopping platforms. (Page 4 of AR)</p> <p>What has been the Group's experience in marketing its products and services via electronic commerce and various online shopping platforms and the amount of revenue generated henceforth?</p>
Sentoria Group Bhd (AGM)	Included in the other receivables is an amount of RM21,096,000 (30.9.2018 and 1.10.2017: Nil) due from a customer who has utilised the Company's banking facility, granted by a licensed

	<p>bank, to finance the customer's projects which have been awarded to the Group.(page 104 of Annual Report)</p> <ul style="list-style-type: none"> a) Why did the Company allow the customer to utilise the Company's banking facility as this is not the normal practice? b) What is the name of the customer? c) As the Company's financial position is not strong, did the Company request the customer to settle the banking facility to ease the cash flow position of the Company during this difficult period? d) Does the Company charge the customer interest on the Company's banking facility? If yes, what is the rate it charges the customer as compared to the rate charge by the bank? If no, why? e) When is the customer expected to pay the Company the outstanding sum of RM21,096,000? f) What project has the customer awarded the Group? What is the contract value and duration of the contract?
Magni-Tech Industries Bhd (AGM)	<p>Customer N, which is one of the world's largest supplier of athletic wears, recorded quarterly loss of US\$790 million in June 2020 due to the widespread closure of physical stores globally caused by COVID-19 pandemic. Customer N contributed about 90% or RM1.07 billion of Magni-Tech's RM1.2 billion revenue in FY20.</p> <ul style="list-style-type: none"> a) News reports have indicated that Customer N has cut and cancelled several orders. What is the sales order guidance provided by Customer N to Magni-Tech? b) Did Magni-Tech experience any reduction or cancellation of order from Customer N? If yes, what is the quantum of reduction or cancellation of order? c) Based on assessment done by Magni-Tech's Audit and Risk Management Committee, is there an elevated risk of the single-customer concentration business model in current economic landscape? In view of the heavy concentration on single customer, does Magni-Tech see the need to further accelerate and intensify the effort to diversify customers base?

	d) Apart from proactive measure to drive sustainably profitability and control operating costs, what are the other key focuses of Magni-Tech in FY21?
Lingkaran Trans Kota Holdings Bhd (AGM)	For the financial year ended 31 March 2020 ("FY2020"), Litrak's toll revenue is RM498,849,000, comprising the toll collection from the highway's users and compensation claim from the Government of Malaysia. For FY2021, a) What is the estimated overall growth rate in traffic volume? b) What is the projected traffic volume and toll collection? c) How much is the expected compensation from the Government of Malaysia?
Esthetics International Group Bhd (AGM)	Note 11 on Receivables, deposits and prepayments disclosed that RM6.4 million in respect of trade amount due from associates is not expected to be repayable within the next 12 months. Why is this amount not payable within the Company's credit period? When is this amount expected to be repaid?
ES Ceramics Technology Bhd (AGM)	In Thailand, the factory produces mainly examination formers, surgical formers, household formers and industrial formers as well as custom made formers whereas the plant in Ipoh, Malaysia focuses on the manufacture of examination formers. (Page 7 of Annual Report – AR) a) Why does the plant in Ipoh, Malaysia focus on the manufacture of examination formers only and not the other types considering that the largest rubber glove makers are in Malaysia? Are there any plans to produce more types in Malaysia? b) What are the advantages of setting up a plant in Thailand instead of Malaysia?
Hai-O Enterprise Bhd (AGM)	The impairment on trade and other receivables for the year increased significantly from RM250,000 to RM2million (Page 157, Annual Report). i) Why was there an increase in impairment of trade and other receivables? ii) How much of the impaired receivables have been recovered to date?

MSWG TEAM

Devanesan Evanson, Chief Executive Officer, (devanesan@mswg.org.my)
Linnert Hoo, Head, Research & Development, (linnert.hoo@mswg.org.my)
Norhisam Sidek, Manager, Corporate Monitoring, (norhisam@mswg.org.my)
Lee Chee Meng, Manager, Corporate Monitoring, (chee.meng@mswg.org.my)
Elaine Choo Yi Ling, Manager, Corporate Monitoring, (elaine.choo@mswg.org.my)
Lim Cian Yai, Manager, Corporate Monitoring, (cianyai@mswg.org.my)
Ranjit Singh, Manager, Corporate Monitoring, (ranjit.singh@mswg.org.my)
Nor Khalidah Mohd Khalil, Executive, Corporate Monitoring, (khalidah@mswg.org.my)

DISCLOSURE OF INTERESTS

- With regard to the companies mentioned, MSWG holds a minimum number of shares in all these companies covered in this newsletter.
-

DISCLAIMER

This newsletter and the contents thereof and all rights relating thereto including all copyright is owned by the Badan Pengawas Pemegang Saham Minoriti Berhad, also known as the Minority Shareholders Watch Group (MSWG).

The contents and the opinions expressed in this newsletter are based on information in the public domain and are intended to provide the user with general information and for reference only. Best efforts have been made to ensure that the information contained in this newsletter is accurate and current as at the date of publication. However, MSWG makes no express or implied warranty as to the accuracy or completeness of any such information and opinions contained in this newsletter. No information in this newsletter is intended to be or should be construed as a recommendation to buy or sell or an invitation to subscribe for any, of the subject securities, related investments or other financial instruments thereof.

MSWG must be acknowledged for any part of this newsletter which is reproduced.

MSWG bears no responsibility or liability for any reliance on any information or comments appearing herein or for reproduction of the same by third parties. All readers or investors are advised to obtain legal or other professional advice before taking any action based on this newsletter.