



## 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.*

**06.01.2023**

### ❖ How well do you know yourself and whom do you aspire to be?

No man is made the same, we all have our personalities. When it comes to investing, our personality refers to our risk profile that may be influenced by various factors like age, financial history, personal experiences, circumstances and investment goals.

Often, we see some investors buy and sell shares frequently based on what others are doing. They are busy investors who are obsessed with the equity markets. With a bird's eye view of the market, they jump into it and follow popular trends of investing. Their relatives could also be the day traders who trade daily to make a living or the technical investors who trade based on rapidly changing price trends and patterns on charts. They rejoice over their ability to get in and out of the market to make a quick buck. These are the group of people who create volume in the equity market.

Greed is good, an old saying goes. High risk high return and 'buy on rumour sell on news' are the speculator's mindsets and personalities. They enjoy gambling on speculative investments and invest for excitement. Naturally, they can be emotional investors who tend to make spur-of-the-moment emotionally driven investment decisions. They often make fast investment decisions and regret them later. They are the group of people who create volatility in the market. Peter Lynch says, "although it's easy to forget sometimes, a share is not a lottery ticket... it's part-ownership of a business".

Then we have the fundamentalist who analyses the financial health and business viability before investing in companies. They are value investors who looks for well-managed companies with growing businesses, low debt, good cash flow, strong balance sheets and good governance. They seek to buy shares at a lower valuation and sell at a higher valuation – ideally, at the intrinsic value. This is the opposite of those who enter the market hastily when prices are on an uptrend and sell in panic when prices go south. The former is usually the informed investors who have carefully researched the companies before buying the shares.

"The most important quality for an investor is temperament, not intellect" Warren Buffett once said. We can be irrational and tempted to make trades when the market is against us. The well-tempered investor who learns not to watch the market is the one who may ultimately end up reaping the most returns over the longer term.

Do you recognise yourself? Our investment style may change over the course of a lifetime. Your individual personality traits can impact your investment decisions and outcomes. Understanding our investing personality can help us avoid emotional traps and stick to our long-term goals. Greed, fear, lack of patience, overconfidence, and other personal traits, can prevent us from investing successfully in the stock market.

Regardless of your current or aspired investing personality, let us start the year anew with a deep look into our long-term investment goals and plan accordingly. Happy new year and good luck in investing in 2023!

**Elaine Choo**  
**Manager, Corporate Monitoring**

### MSWG AGM/EGM Weekly Watch 9 – 13 January 2023

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

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

| <b>Date &amp; Time</b>     | <b>Company</b>                    | <b>Quick-take</b>   |
|----------------------------|-----------------------------------|---|
| 09.01.23 (Mon)<br>10.00 am | NWP Holdings Berhad<br>(EGM)      | The Company is tabling the proposed business diversification to include sand mining, trading, and export of sand and related business activities.   |
| 09.01.23 (Mon)<br>11.00 am | Poh Kong Holdings Berhad<br>(AGM) | Poh Kong's revenue for FY2022 was 51% higher at RM1.36 billion compared to RM903.10 million last year, lifted by stable gold demand and higher gold retail prices. Its net profit rose 151% to RM92.19 million from RM36.76 million a year prior, due to improved margins on the back of higher retail gold prices.   |
| 09.01.23 (Mon)<br>02.30 pm | UWC Berhad<br>(AGM)               | UWC achieved record high revenue of RM345.6 million for FY2022, representing a strong double-digit growth of 21.3% compared to FY2021. The strong topline performance was supported by strong demand for semiconductors which drove UWC's revenue growth through both order quantities and upgraded value proposition.<br><br>Consequently, its net profit increased by 16.7% to RM106.8 million. |
| 11.01.23 (Wed)<br>10.00 am | Asdion Berhad<br>(EGM)            | The EGM is to seek shareholders' approval for a proposed debt settlement exercise involving RM16.4  |

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|                             |  | <p>million owing to certain creditors. The debt is to be fully satisfied</p> <p>of debt owing to certain creditors of Asdion via the issuance of 67.67 million Irredeemable Convertible Preference Shares (New ICPS) at 4 sen each and 171.27 million new ordinary shares at 8 sen each.</p> <p>It also proposed to amend the company's Constitution to facilitate the issuance of ICPS pursuant to the debt settlement exercise.</p>                           |
| 11.01.23 (Wed)<br>10.00 am  | Concrete Engineering Products Berhad (AGM) | <p>CEPCO's financial performance in FY2022 showed substantial improvement with higher revenue of RM148.28 million compared to RM84.84 million earlier.</p> <p>As a result, it recorded a pre-tax profit of RM510,000 as compared to a pre-tax loss of RM16.82 million in FY2021.</p>  |
| 11.01.23 (Wed)<br>10.30 am  | Trive Property Group Berhad (AGM)          | <p>The Group's revenue decreased marginally to RM9.7 million (FYE2021: RM9.8 million) mainly due to the lower sales from the solar division. The solar division is the largest revenue contributor, contributing approximately 80% to the Group's revenue.</p> <p>It recorded a net profit of RM12.9 million in FYE 2022 as compared to a net loss of RM58.4 million due to the reversal of impairment amounting to RM16.0 million.</p>                         |
| 11.01.23 (Wed)<br>11.00 am  | Johan Holdings Berhad (AGM)                | <p>Johan turned loss-making in FY2022 with a net loss of RM16.94 million compared to a net profit of RM161.06 million in the 18-month financial period that ended 31 July 2021 due to the absence of a one-off gain from the disposal of business earlier.</p> <p>Besides, its revenue was lower at RM22.04 million against RM49.11 million recorded in FPE2021.</p> <p>The Company is involved in glove manufacturing, hospitality and trading businesses.</p> |
| 12.01.23 (Thur)<br>10.00 am | KESM Industries Berhad (AGM)               | <p>Despite recorded higher production volumes for test and burn-in of semiconductor devices KESM's revenue dipped marginally to</p>   |

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|                             |                        | RM246.7 million (2021: RM248.3 million). However, its net profit declined by 77% y-o-y to RM1.7 million (2021: RM7.3 million). The scaling down of the electronic manufacturing services has significantly impacted its overall performance.  |
| 12.01.23 (Thur)<br>10.30 am | Astino Berhad<br>(AGM) | <p>Astino registered revenue of RM613 million in FY2022, a 5.7% increase compared to RM580 million in FY2021, mainly due to higher average selling prices.</p> <p>However, its profit margin was affected by higher costs of goods sold and the write-down of inventories to net realisable value, resulting in a lower pre-tax profit of RM64 million during the year.</p> |

| <b>One of the points of interest to be raised:</b> |  |
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| <b>Company</b>                                     | <b>Points/Issues to Be Raised</b>  |
| Poh Kong Holdings Berhad<br>(AGM)                  | FY2022 was an outstanding year with Poh Kong delivering record-breaking results since its listing in 2004 (page 42 of Annual Report FY2022). However, the dividend payout ratio of 10.2% for FY2022 is the lowest in the past 10 years which ranged between 10.2% and 37.3%. Please explain the reason for the lower-than-average dividend payout ratio for FY2022 despite it being a record-breaking year for the group.  |
| UWC Berhad<br>(AGM)                                | <p>With increased orders and requests for quotations from both existing and potential customers, UWC has to expand its production capacity which includes setting up new factories in Taiping and Batu Kawan.</p> <p>a) What was the group's total capacity as of 31 July 2022?</p> <p>b) What was the group's average capacity utilisation rate for FY2022?</p> <p>c) How much additional capacity do the new factories in Taiping and Batu Kawan add to the group?</p> <p>d) What is the rationale for setting up a factory in Taiping instead of a location in Penang that is nearer to the group's home base and within the vicinity of the electrical and electronics hub in Penang?</p> <p>e) What is the budgeted capex for FY2023?</p> |
| Concrete Engineering Products Berhad<br>(AGM)      | <p><u>Geographical Revenue</u></p> <p>As reported on page 99 of the Annual Report 2022, there was no revenue recorded from customers in Africa in FY2022 (FY2021: RM2,050,451), while revenue from Southeast Asia's</p>  |

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|                                   | <p>customers declined to RM15,789,912 in FY2022 from RM19,022,313 in FY2021.</p> <p>The Group's bulk revenue was from customers in Malaysia, contributing to 89.35% (RM132,486,673/RM148,276,585) of the Group's total revenue in FY2022.</p> <p>a) What has caused the zero revenue from African customers and declining revenue from Southeast Asia customers?</p> <p>b) Is there any plan for the Group to diversify its geographical revenue in the next two financial years? If so, what are the targeted markets?</p> <p>c) What is the Group's revenue outlook from the export markets in FY2023?</p>   |
| Trive Property Group Berhad (AGM) | <p>Revenue from the property division increased from RM1.5 million in FYE 31 July 2021 to RM2.0 million in FYE 31 July 2022, as a result of higher rental income for Persoft Tower. (page 9 of AR2022)</p> <p>What is the current occupancy rate for Persoft Tower versus FYE 31 July 2022 and FYE 31 July 2021?</p>   |
| Johan Holdings Berhad (AGM)       | <p>For FY2022, Johan recorded a revenue of RM22.04 million and a net loss of RM16.94 million. As a perspective, it posted a revenue of RM49.11 million and a net profit of RM161.06 million in the 18-month financial period ended 31 July 2021.</p> <p>However, the profit recorded in FPE2021 was mainly due to the one-off gain from the disposal of card businesses; otherwise, it would have registered a loss of RM39.16 million from continuing operations.</p> <p>In addition, Johan posted losses from continuing operations in three of the past five financial periods (page 29 of AR2022).</p> <p>As of 31 July 2022, the Company's total shareholders' equity amounted to RM228.99 million against total share capital of RM413.67 million, representing an equity-to-capital ratio of 55.33%.</p> <p>a) When will the Group turn around and become profitable? What measures are being put in place to turn around the loss-making businesses?</p> <p>b) With the healthcare (gloves manufacturing) division expected to face headwinds in 2023, how will the hospitality and trading division lift Johan's overall financial performance?</p> |
| KESM Industries Berhad (AGM)      | <p>Write-down of inventories increased to RM1.4 million (2021: RM0.1 million). (page 70 of AR2022)</p> <p>What comprises the inventories that have been written down? How much of the written down inventories are still saleable/usable?</p>  |

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| Astino Berhad<br>(AGM) | <p>The Group recorded a higher write-down of inventories to net realisable value of RM16.6 million in FY2022 (FY2021: RM10.6 million) that eroded the profit margin (Page 5 of the Annual Report 2022).</p> <p>a) What has caused the Group to record a higher write-down of inventories in FY2022?</p> <p>b) Can any portion of these written-down inventories of RM16.6 million be reversed in FY2023?? If so, how much is the expected reversal amount?</p> <p>c) In terms of inventory management, what is being done to reduce the need for write-downs?</p> |
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### DISCLOSURE OF INTERESTS

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

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