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THE ADVENTURES OF
TIMBER-TEA



The success of diversification lies on how well it is planned, executed, and managed. Companies should cautiously approach diversification, carefully assessing the risks and opportunities before venturing into new territories.

Business diversification: Path to growth or pitfall?

In today's rapidly changing business landscape, companies constantly seek new ways to remain competitive, grow their market share, and increase profitability. One of the most popular strategies for achieving these goals is diversification—expanding a company's operations into new areas often unrelated to its core business. But what drives companies to diversify, and is it always a wise move?

In *The Observer* dated 21 June 2024, we highlighted a growing trend of property companies diversifying into the data centre industry. For example, Sime Darby Property (SDP) plans to develop and lease a hyperscale data centre worth RM2 billion at Elmina Business Park. Amid this trend, Jakel Group, traditionally known for its textile business, has also jumped on the bandwagon. Jakel recently teamed up with PiDC Holdings Sdn Bhd to build a 51MW Tier III data centre in Cyberjaya worth RM1.2 billion. While this move highlights the potential for new revenue streams, it also raises questions about the risks and challenges of unrelated diversification.

Companies diversify for various reasons, often driven by the need to create new income streams in a constantly evolving market environment. As industries mature and traditional revenue sources become less reliable, companies may seek diversification to replace declining revenues. This is especially relevant in sectors where technological disruption or changing consumer preferences reshape the competitive landscape. Diversification can also be a strategic move to stay relevant and maintain a competitive edge. Companies can tap into growth opportunities outside their core business areas by entering new markets or industries. This not only helps in spreading the risk but also provides a platform for future expansion.

However, diversification, particularly into unrelated business areas, has challenges. While it can mitigate risk by reducing reliance on a single income stream, it can also introduce complexities that strain a company's resources. Unfamiliar markets and industries may require new expertise, leading to higher operational costs and increased management oversight. Additionally, poorly managed diversification efforts can dilute a company's focus, resulting in inefficiencies and a lack of coherence in its overall strategy. Integrating new businesses, especially those unrelated to the core operations, can create complications that affect the company's performance and potentially jeopardise its financial stability. Therefore, companies must carefully evaluate the risks and benefits before developing a diversification strategy.

From timber to tea shop: Auro's journey

One notable example of diversification is Auro Holdings Berhad (Auro), a company primarily involved in manufacturing of wooden products. Recently, it expanded its business into the food and beverages (F&B) sector with multiple franchise agreements signed with HK HeyCha Limited to operate *HEYTEA* fruit and milk tea outlets.

In early 2023, Auro diversified its principal activities to include sand mining and trading. Despite the slow pace of the sand mining industry, which led to a loss of RM32,311 for the financial year ended 28 February 2024 (FYE2024), the Company remains optimistic about the long-term prospects of this business.

Auro's recent diversification into the F&B sector, mainly through some five-year franchise agreements with HK Heycha, is particularly intriguing. While its revenue increased to RM6.95 million in FYE2024 (compared to RM2.63 million the previous year), driven by contributions from the sand and F&B businesses, there are concerns about the sustainability of this growth.

Auro's financial performance in FYE2024 shows some improvement, with a reduced loss of RM2.01 million compared to RM5.65 million in the previous year. This improvement resulted from better expense management, restructuring efforts, and lower legal fees and penalty costs. However, Auro's lack of a master franchise agreement with HK Heycha raises concerns about its ability to compete effectively and sustainably in the F&B sector.

According to Auro's response to MSWG's letter, the Company does not hold a master franchise for the brand. Without this, Auro may not establish a local franchise network, restricting its potential for generating additional revenue. The lack of exclusive rights exposes the company to competition from other players who could enter the market under the same brand. Moreover, the five-year franchise agreement raises concerns about this income stream's sustainability over the long term. Simply put, the continuity of Auro's *HEYTEA* outlets is at the mercy of HK Heycha once five years are up.

The F&B industry is highly competitive, and Auro's limited experience in this sector could pose significant challenges. While the Company plans to expand its workforce to support the F&B business, it must also develop the necessary expertise to succeed in this new venture. Existing tea-chain players in the Malaysian market already have strong brand recognition and loyal customer bases, making it difficult for Auro to attract new customers.

Is diversification always a bad idea?

While diversification is sometimes risky, it has also led to significant success in some instances.

Take the example of KUB Malaysia Berhad, which 2001 acquired A&W (Malaysia) Sdn Bhd, the first quick-service restaurant chain established in Malaysia. In 2017, KUB's food segment revenue had grown by 34% y-o-y, and profit after tax had increased by 38% y-o-y. In 2018, KUB successfully sold its shares in A&W, netting a gain of RM23.3 million. This demonstrates that diversification can lead to substantial financial gains with the right strategy.

However, not all diversification efforts are successful. The glove manufacturing frenzy of 2020 serves as a stark reminder. Fueled by skyrocketing demand and prices, numerous

PLCs leapt into glove production, often needing more expertise and execution capabilities. This led to an oversupply in the market, causing average selling prices to plunge—an outcome that became a cautionary tale.

This is evident in Vizione Holdings Berhad, a construction and property development company. In 2021, it diversified into the healthcare sector by acquiring a 51% stake in SSN Medical Products Sdn Bhd, a manufacturer of condoms and rubber gloves. Unfortunately, this investment proved costly. By 2022, Vizione had to exit the healthcare business after incurring 'significant' losses. Surely Vizione was not the only one who scathed by such peril at the height of COVID-19 pandemic.

On the other hand, InNature Berhad, a company that retails cosmetic and personal care products under "The Body Shop" brand, recently diversified into the F&B sector by acquiring a restaurant business. Unlike Auro, InNature Berhad's diversification appears to be more strategic. It has secured exclusive rights to operate restaurants under the "Burger & Lobster" brand in Malaysia, Indonesia, and Vietnam. These exclusive rights protect InNature from competition and open up regional business opportunities.

Additionally, InNature's experience running franchise retail businesses gives it a competitive edge in the F&B sector. With 40 years of experience operating The Body Shop franchise, InNature is well-positioned to succeed in this new venture. The company also benefits from a long-term development agreement, which provides a stable income stream for up to 21 years. Moreover, the board and management especially the chairman and managing director are armed with extensive retail experience

Lessons for shareholders: What to consider when companies diversify

As companies increasingly explore diversification opportunities, shareholders must remain vigilant and assess these ventures' potential risks and benefits. Here are some key factors to consider when evaluating a company's diversification strategy:

1. **Strategic fit:** Does the diversification align with the company's core competencies and strategic goals? A robust strategic fit increases the likelihood of success.
2. **Management expertise:** Does the company have the necessary expertise and experience to succeed in the new business? If they still need to, are they taking steps to acquire the required knowledge?
3. **Risk assessment:** Has the company conducted a thorough risk assessment of the new venture? This includes evaluating competition, market demand, regulatory challenges, and potential financial risks.
4. **Long-term sustainability:** Is the diversification likely to provide long-term income opportunities, or is it a short-term fix? Shareholders should be wary of diversification efforts that lack a clear path to sustained profitability.

5. **Exclusive rights and competitive advantage:** Does the company have exclusive rights or other competitive advantages in the new market? These can provide a buffer against competition and increase the chances of success.
6. **Impact on core business:** How will the diversification impact the company's core business? Shareholders should ensure that the new venture does not divert resources or attention away from the company's primary operations.
7. **Post-investment monitoring:** Once the diversification is underway, how closely is the company monitoring its performance? Shareholders should look for signs that management is actively managing the new business and making necessary adjustments.

Diversification is a double-edged sword - it can provide new growth opportunities and revenue streams but also introduce significant risks. For shareholders, the key is critically evaluating each diversification effort, considering factors such as strategic fit, management expertise, and long-term sustainability. By doing so, they can make informed decisions and ensure that the company's diversification efforts contribute to long-term value creation rather than becoming a costly mistake.

In conclusion, diversification is not inherently good or bad - its success depends on how well it is planned, executed, and managed. Companies should cautiously approach diversification, carefully assessing the risks and opportunities before venturing into new territories.

MSWG AGM/EGM Weekly Watch 26 – 30 August 2024

The following are the AGMs/EGMs of companies on the Minority Shareholders Watch Group's (MSWG) watch list for this week.

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	Points/Issues to Be Raised
26.08.24 (Mon) 10.00 am	Dominant Enterprise Berhad (AGM)	<p>FY2024 continued to be a challenging year for the Group with the significant slowdown in furniture industry, especially furniture exports to the United States of America ("US"). With high mortgage rates causing a slump in the US housing market and a glut of inventory within the US, orders reduced significantly for many of the Group's customers, indirectly impacting its business (Page 12 of AR2024).</p> <p>a) Given that the US is Malaysia's largest furniture export destination, have the Group's customers (furniture manufacturers) taken any steps to reduce their reliance on the US market?</p> <p>b) What percentage of the Group's customers are furniture manufacturers and what strategies are in place to acquire new customers to reduce reliance on furniture manufacturers?</p>
26.08.24 (Mon) 10.00 am	PCCS Group Berhad (AGM)	<p>1. In FY2024, the apparel division, operating in China and Cambodia, generated RM367.81 million in revenue, down 19.58% from FY2023, primarily due to reduced sales from Hong Kong apparel division (page 24 of Annual Report (AR) 2024).</p> <p>a) Given the significant drop in the apparel division's revenue relative to the Group's revenue, please provide a year-on-year sales breakdown by market for the apparel division.</p> <p>b) Does Hong Kong's market contribute the most to the apparel division's profit margins until the recent drop in sales in this market caused a flattish effect on the apparel division's profitable performance of RM4.9 million?</p>

		<p>c) What factors contributed to the sharp decline in Hong Kong's apparel sales, affecting the apparel division and Group's overall revenue? Was the downturn for Hong Kong apparel division expected to continue, or is it viewed as a onetime occurrence?</p> <p>d) What is the outlook for the Hong Kong apparel market, and what strategies are planned to boost sales specifically for this market?</p>
27.08.24 (Tue) 11.00 am	HHRG Berhad (AGM)	<p>In FYE2024, the Group's revenue dropped by 19.93% to RM124.32 million due to decreased sales in the biomass material (18.73%) and furniture and mattresses (22.86%) segments. The biomass segment decline was linked to price normalization post-Ukraine conflict, while the furniture and mattresses segment was affected by inflation and the Red Sea crisis (page 6 of the Annual Report (AR) 2024).</p> <p>a) At the 12th AGM, the board/management highlighted that the biomass division is heavily reliant on the CPO price, which has now stabilized. Despite this, the biomass division's performance continues to decline, with a year-on-year reduction of 5% in FYE2023 worsening to 18.7% in FYE2024.</p> <p>Please explain why the biomass segment continued to deteriorate despite the stabilization of CPO prices. What were the primary causes of this significant decline in the biomass division? What is the outlook for biomass division?</p> <p>b) At the 12th AGM, the board/management mentioned that the Group started the bio-compost project in the first quarter of last year, investing in capital expenditures (capex) with expected revenue generation in FYE2024. Has the bio-compost production commenced? If so, where are the facilities located? What are the sales and earnings from this production? How much capex has been spent, and what are the maintenance costs?</p> <p>c) How much are the sales from the furniture business to the Group in FYE2024 and what are the</p>

		<p>notable trends of the sales since the acquisition of MG Furniture in 2021? Which region contributed the most to the furniture business' sales in FYE2024 and how much is the current market share of this region?</p> <p>d) At the 12th AGM, the board/management mentioned that the Group is still focused on exporting its furniture business and not considering the local sales until it expands further. Have the Group conducted feasible study to market the furniture business in the local sales? What is the result and what deter the Group from marketing it in Malaysia? In this current inflation and Red Sea crisis condition, will the Group consider selling the kids' bedding in Malaysia?</p> <p>e) Given the inflation and Red Sea crisis conditions, what is the current average number of containers exported monthly for the furniture and mattresses business segment and how far are these number from the consider "healthy level" of number of containers exported monthly? Also, what is the outlook on this business segment and please specify what strategies the Group plans to implement to revitalize the sales on furniture and mattresses business segment?</p>
27.08.24 (Tue) 12.00 pm	Mytech Group Berhad (AGM)	<p>For the financial year ended 31 March 2024, the manufacturing division has higher sales turnover mainly contributed by newly improved machinery (Page 5 of AR2024).</p> <p>What is the previous and current sales turnover rate? Is the division expecting to record another higher sales turnover rate in FY2025? If not, why?</p>
27.08.24 (Tue) 02.30 pm	WCE Holdings Berhad (AGM)	<p>As at end of FY 2024, Group trade receivables from external parties totalled RM27.067 million of which a significant amount of RM10.651 million represented accumulated impairment loss. Other receivables from external parties stood at RM99.842 million and a significant amount of RM87.789 million was also impaired. (page 133 of AR 2024)</p>

		<p>a) Please elaborate on the nature of both the items, trade receivables and other receivables.</p> <p>b) Why were such significant amounts of both items impaired? What is the probability of fully recovering the impaired amounts?</p>
27.08.24 (Tue) 03.00 pm	Power Root Berhad (AGM)	<p>For FY2024, the Group recorded a profit after tax (PAT) of RM42.3 million, a decrease of 28.9% from the PAT of RM59.5 million in FY2023 (Page 111 of the Annual Report 2024/AR2024). The decrease in PAT was attributed to lower revenue recorded for the year, higher raw material costs and higher absorption costs due to lower production output (Page 28 of AR2024).</p> <p>a) Which markets have significantly contributed to the drop in revenue and PAT? What action plans have been taken to improve revenue and earnings?</p> <p>b) What has been the price trend for Power Root's key raw materials? Has the Company been able to pass on its cost increases to customers?</p>
28.08.24 (Wed) 10.00 am	Panasonic Manufacturing Malaysia Berhad (AGM)	<p>The Group will continue to intensify its efforts to strengthen its venture into new product categories, particularly in the water-related businesses. The successful introductions and enhancements of its water-related products, including the Reverse Osmosis Water Purifier (ROWP), Water Purification System (WPS) and the Instant Home Shower series, are significant steps in this direction. Building on this momentum, the Group will be closely monitoring market trends and consumer demands to identify further opportunities for expansion within this category (Page 18 of AR2024).</p> <p>a) What are the current market trends and consumer demands for the abovementioned products?</p> <p>b) Although PPMA launched these products less than a year ago in the respective markets, we would like to know the current penetration rate for ROWP in Vietnam, WPS in Indonesia, and the Instant Home Shower series in key Asian markets and the targeted penetration rate for these markets in the next few years.</p>

		<p>c) What are these products' current sales and the percentage contribution to the Group's revenue?</p> <p>d) Has PMMA identified any opportunities for expansion within this category? If so, what are those opportunities to tap into?</p>
28.08.24 (Wed) 10.00 am	Auro Holdings Berhad (AGM)	<p><u>Segments Loss for the year</u></p> <p>Moulding and Timber's loss was reduced to RM1,219,723 (FYE2023: Loss of RM3,431,805) mainly due to better adjusted EBITDA recorded, lower depreciation, and lower provision for slow-moving inventories. This reduction in the loss for the year represents a positive variance of 64.46% or RM2,212,082 (Pages 109-110 of AR2024).</p> <p>Given the significant improvement in bottom-line performance, does the Board foresee this segment turning around in FYE2025? If not, why?</p> <p>The sales of food and beverages and marine sand recorded bottom-line losses of RM99,545 and RM32,311, respectively (Page 109 of AR2024).</p> <p>When does the Board expect these two business segments to at least break even? Please explain why the sale of the marine sand segment did not record a positive adjusted EBITDA but a negative adjusted EBITDA in FYE2024.</p>
28.08.24 (Wed) 10.00 am	Minetech Resources Berhad (AGM)	<p>The Group recorded impairment losses on trade receivables and other receivables of RM3.2 million (FY2023: RM4.0 million) and RM2.6 million (FY2023: 0) respectively in FY2024. (page 106 of AR 2024)</p> <p>a) Please explain the nature of these impairment losses.</p> <p>b) Does the Group expect further impairment losses on trade receivables and other receivables in FY2025?</p>

		<p>c) What is the possibility of recovering these impairments, and what is the estimated percentage that can be recovered?</p>
<p>28.08.24 (Wed) 10.30 am</p>	<p>Matrix Concepts Holdings Berhad (AGM)</p>	<p>Completed in FY2024, Menara Syariah consists of a commercial and retail building with twin 29-storey office towers, encompassing one million square feet of gross floor area including twenty-three floors of Grade A office space. (Page 49 of IAL 2024)</p> <p>a) What is the latest take-up rate of Menara Syariah as of July 2024?</p> <p>b) Were the sales of Menara Syariah impacted by the Indonesian Government moving its capital city to Nusantara?</p> <p>c) Does the Group plan to expand into Nusantara? If yes, please provide the reasons.</p> <p>d) When is the Company going to launch its second property project in Indonesia and where is the location of the project?</p> <p>e) Does the Company manage to secure an anchor tenant for Menara Syariah? If yes, please name the tenant and provide the tenant's annual rental income.</p> <p>f) Does the Company have any plan to expand to other ASEAN countries like Singapore, Vietnam and Philippines? If yes, please explain.</p>
<p>28.08.24 (Wed) 10.30 am</p>	<p>Hextar Technologies Solutions Berhad (AGM)</p>	<p>Ongoing spending on the marketing and development of MoneyX will surpass earnings from the non-technology segment (page 6 of the AR2024).</p> <p>a) How much are expenses tied to the marketing of the product post development to attract users? Please briefly explain the maintenance and operational costs of MoneyX.</p> <p>b) Developing a SuperApp is capital-intensive. How much capital has been spent to develop MoneyX? When is the expected payback period? c) MoneyX experienced impressive growth, with over 100,000</p>

		downloads by the end of June 2024. What is the current number of downloads?
28.08.24 (Wed) 02.30 pm	Oriental Food Industries Holdings Berhad (AGM)	<p>The Group is embarking on an exciting phase of production expansion with the construction of new factory blocks including warehouse facilities. This project is a testament to its commitment to growth and innovation. The Group anticipates the project to be completed well within the timeline, aiming for its conclusion before the end of the next financial year. (page 9 of AR 2024)</p> <p>a) What is the total capex for this expansion and its breakdown? What is the funding structure and expected return on capital employed?</p> <p>b) Which product categories will be the focus of this capacity expansion?</p> <p>c) What is the additional capacity from this expansion?</p> <p>d) When does the Group expect the new plant to commence operations?</p>
28.08.24 (Wed) 03.00 pm	Perusahaan Sadur Timah Malaysia (Perstima) Bhd (AGM)	<p>Key Audit Matters (pages 110 – 113, AR2024)</p> <ul style="list-style-type: none"> - Impairment consideration on PPE and right-of-use (ROU) assets External auditors KPMG PLT’s comments: As of 31 March 2024, the carrying amount of the Group’s PPE and ROU assets were RM362.89 million and RM18.21 million respectively. There are impairment indicators that the carrying amount of the Group’s PPE and ROU assets may be higher than the recoverable amount. - Impairment of investments in subsidiaries and amount due from subsidiaries External auditors KPMG PLT’s comments: As of 31 March 2024, the Company has investments in subsidiaries amounting to RM145.04 million and amount due from subsidiaries of RM446.32 million. Given that certain subsidiaries have recorded losses for the recent financial years and in view of the current uncertainties on future profitability,

		<p>there is an indication that the carrying amount of the investments in the subsidiaries and receivables from the subsidiaries may be impaired.</p> <p>a) What are the impairment indicators that the Auditor assessing whether impairments in the carrying amount of PPE, ROU assets, investments, and amount due from subsidiaries are required?</p> <p>b) Which are the loss-making subsidiaries that raised the concern of impairment of investments?</p> <p>c) Due to the loss-making status of certain subsidiaries, this may raise the risk of impairment in PPE and investment in subsidiaries if their carrying amounts exceed their recoverable amounts. Subsequently, this could lead to impairment losses and a reduction in asset values on the income statement and balance sheet.</p> <p>How do the Board and management plan to address the two interconnected KAMs? What strategies will Perstima employ to manage and mitigate these risks? Please comment on the likelihood of impairment in PPE and subsidiaries.</p>
<p>29.08.24 (Thur) 09.30 am</p>	<p>Harvest Miracle Capital Berhad (AGM)</p>	<p>The Group's trade receivables that were past due more than 1 year have significantly increased to RM346,193 in FYE2024 from RM3,671 in FYE2023 (pages 117-118 of AR2024).</p> <p>a) What difficulties did the Group face in recovering trade receivables that were more than one year overdue, especially with the notable rise in the outstanding amount?</p> <p>b) What are the profiles of the customers who contributed to the trade receivables that were overdue for more than one year during FYE2023 for the Group?</p> <p>c) How much of the total overdue amount has the Group collected up to now?</p>

<p>29.08.24 (Thur) 10.00 am</p>	<p>QL Resources Berhad (AGM)</p>	<p>To further utilise QL's resources and achieve economies of scale, the Group has embarked on a new venture of supplying meals for MAS Awana. This accomplishment positions the Company as one of ten partners selected to supply easy-to-prepare food for inflight consumption. (page 27 of AR2024)</p> <p>a) What was the revenue contribution to the Group from the new venture of supplying meals to MAS Awana for FY2024?</p> <p>b) Does the new venture of supplying meals to MAS Awana have a fixed value and contract duration?</p> <p>c) To what extent does the Group expect the new venture of supplying meals to MAS Awana to grow, going forward?</p>
<p>29.08.24 (Thur) 10.00 am</p>	<p>Ajinomoto (M) Berhad (AGM)</p>	<p>"The Company remains committed to both product innovation and customer service. By promoting the effective use of our innovative solutions throughout the food industry, we aim to continuously meet the evolving needs of our diverse clientele." (Page 5 of Annual Report 2024)</p> <p>How is Ajinomoto leveraging technology and data analytics to drive innovation in flavour and seasoning development?</p>
<p>29.08.24 (Thur) 10.00 am</p>	<p>AME Elite Consortium Berhad (AGM)</p>	<p><u>Property Development Segment</u> The Group secured RM283.6 million in new sales for FY2024, compared to RM479.2 million in the previous year (Page 15 of AR2024).</p> <p>a) The decrease in new sales indicates weaker market demand for industrial properties in FY2024. What is the Board's outlook on the market demand for industrial properties in Johor and Penang?</p> <p>b) Does the current take-up rate of i-TechValley at SILC, one of the Group's flagship developments, meet the Management's expectations?</p> <p>c) Following the sale of 11 freehold land plots in i-TechValley for RM209.8 million, what is the revised gross development value of i-TechValley?</p>

<p>29.08.24 (Thur) 10.00 am</p>	<p>IJM Corporation Berhad (AGM)</p>	<p>During FY2024, the Construction division achieved higher revenue of RM1,675.56 million (FY2023: RM1,069.91 million) but lower profit before tax of RM36.81 million (FY2023: RM90.98 million). The decline in profit was primarily due to losses recognised from three ongoing projects affected by changes in work scope, increases in building material prices, and prolongation costs whilst potential claims are being pursued. (Page 71 of AR2024)</p> <p>a) Please specify which three projects recognised these losses? Additionally, what are the current stages of these projects?</p> <p>b) What were the losses recognised in FY2024 and what potential claims is the Group pursuing?</p>
<p>29.08.24 (Thur) 10.30 am</p>	<p>JOE Holding Berhad (AGM)</p>	<p>On 5 February 2024, the Company disposed of its 70% equity interest in GP Products Sdn. Bhd. ("GPP"), a 70% owned subsidiary company of the Company for a total cash consideration of RM12,700,000. Consequently, GPP and its subsidiary companies namely GPA Technologies Sdn. Bhd. and GP FirstPower Technologies Sdn. Bhd. have ceased to be subsidiary companies of the Company. (Note 7, page 94 of AR2024)</p> <p>a) What was the revenue and profit contribution from GPP and its subsidiary companies namely GPA Technologies Sdn. Bhd. and GP FirstPower Technologies Sdn. Bhd. to JOE Group for FY2024?</p> <p>b) Based on Bursa announcement dated 29 January 2024, the disposal consideration was arrived at on a 'willing-buyer willing-seller' basis and was based on the audited net asset as at 31 March 2023 of RM16,591,393 and the audited profit after tax of RM596,694.</p> <p>With the disposal of GPP, to what extent will it impact the Group's revenue and profit in FY2025?</p>
<p>29.08.24 (Thur) 10.30 am</p>	<p>YGL Convergence Berhad (AGM)</p>	<p>The government's digital economy blueprint especially on business digital transformation remained clear and unchanged via the various programmes under Malaysian Investment Development Authority ("MIDA"),</p>

		<p>Malaysia Digital Economy Corporation (“MDEC”) and tax incentives to spearhead SMEs and LLCs to digitalise and automate their business processes. YGL possesses the domain expertise to provide the manufacturing and logistics sectors with the relevant Artificial Intelligence (“AI”), robotic and machine integration technologies. (page 17 of Annual Report (AR) 2024)</p> <p>a) What are the Group’s strategies to capture new opportunities from the government’s digital transformation programme?</p> <p>b) What is the current orderbook/billable for the software segment? How much of this orderbook is expected to be recognised in FY2025?</p> <p>c) What is the demand outlook for the software segment over the next twelve months?</p>
29.08.24 (Thur) 11.00 am	YLI Holdings Berhad (AGM)	<p>YLI group recorded lower revenue of RM63.5 million in FY2024 (FY2023: RM75.4 million) due to lower demand for its products in the domestic market, minimal overseas sales for MRPI in addition to the cessation of manufacturing business. The Group also recorded a gross loss of RM3.9 million in FY2024 (FY2023: gross loss of RM835,000) due to lower revenue and higher raw material cost such as scrap metal (Page 18 of AR2024).</p> <p>a) Which YLI's product offerings experienced lower demand in FY2024? What is the current state of demand for YLI's products?</p> <p>b) Are any initiatives being taken to improve sales, particularly for the products in the domestic market? If so, what are those initiatives?</p> <p>c) In FY2024, overseas sales/revenue to the country of Vietnam emerged as the most significant contributor to the Group's overseas revenue (Page 92 of AR2024). What is the outlook for Vietnam's market for YLI's products in FY2025?</p> <p>d) As YLI recorded a widening gross loss in FY2024, what are the immediate measures to address this? On the higher raw material cost, such as scrap</p>

		<p>metal, to what extent can this type of cost be passed on to customers?</p> <p>e) As this has been a continuous issue from the past, how does the Group intend to manage its raw material supplies moving forward?</p>
29.08.24 (Thur) 11.00 am	YBS International Berhad (AGM)	<p>The precision engineering and plastic injection moulding segment saw its revenue fall 45% to 13.6 million in FY2024, mainly due to softer market demand. On the other hand, the electronic manufacturing services segment recorded a 419% increase in revenue to RM12.1 million in FY2024. The significant growth was mainly due to the acquisition of new customers. (page 15 of Annual Report (AR) 2024)</p> <p>a) What is the outlook for both segments? Does the Group expect demand to increase, maintain or decline in FY2025?</p> <p>b) How many new customers did the Group acquire in FY2024? Please provide some background on these customers and their core businesses.</p> <p>c) What is the budgeted capex for FY2025 and its breakdown?</p>
29.08.24 (Thur) 11.00 am	Eastern & Oriental Berhad (AGM)	<p>The Group had recognised impairment losses on an investment in a joint venture, Patsawan Properties Sdn. Bhd, ("PPSB") of an amount of RM27,571,000, representing 16% of the Group's PBT during the financial year 2024. (Page 144 of AR)</p> <p>PPSB's impairment loss was due to the continuous under-performance of sales.</p> <p>a) Where is PPSB's property project located?</p> <p>b) Please explain the reasons for the slow sales of PPSB's properties.</p> <p>c) What actions have been taken to improve PPSB's property sales?</p>

<p>29.08.24 (Thur) 02.00 pm</p>	<p>PNE PCB Berhad (AGM)</p>	<p>Despite recording a lower revenue of RM59.03 million in FYE 2024 (FYE 2023: RM81.58 million), the trade and other receivables increased from RM13.80 million as of 31 March 2023 to RM16.38 million as of 31 March 2024.</p> <p>a) Are there any significant concentrations of credit risk with particular customers or sectors that could impact on the Company's liquidity?</p> <p>b) How is the Board ensuring that the management of trade receivables aligns with the overall financial health and operational efficiency of the Company?</p>
<p>29.08.24 (Thur) 02.30 pm</p>	<p>ATA IMS Berhad (AGM)</p>	<p>For the financial year ended 31 March 2024, the Group recorded a revenue of RM399.8 million, representing a 56.3% reduction from last financial year, as last year, the Group was still disposing stocks from the previous customer. (Page 10 of AR2024)</p> <p>a) What percentage of the revenue in FY2024 was derived from the previous customer?</p> <p>b) The Group's revenue has significantly dropped from RM4.3 billion in FY2021 to RM399.8 million in FY2024 after the termination of the agreement with a major customer, Dyson in 2021 and 2022. What are the challenges faced in securing new customers?</p> <p>c) Aside from streamlining operations, will the Board consider restructuring its business model to turnaround the current loss-making situation?</p>
<p>29.08.24 (Thur) 03.00 pm</p>	<p>Kumpulan Fima Berhad (AGM)</p>	<p>The manufacturing division's revenue declined by RM67.99 million from RM129.56 million to RM61.57 million in FYE2024 due to the marked decline in sales volumes across most product segments, particularly travel, transport and confidential documents. (Page 20 of AR 2024)</p> <p>What is the outlook for Manufacturing division for FY 2025? Which segment is expected to improve significantly and what are the key drivers or catalysts?</p>

<p>29.08.24 (Thur) 04.00 pm</p>	<p>Kumpulan Fima Berhad (EGM)</p>	<p>The proposed Long Term Incentive Plan, (“LTIP”) that comprises of proposed Executive Share Option Scheme, (“ESOS”) and Employees’ Share Grant Plan, (“ESGP”).</p> <p>The proposed LTIP serves to attract, retain, motivate, and reward Eligible persons through the award of ESOS Options with rights to subscribe Kumpulan Fima (“KFima) Shares and the award of KFima Shares.</p> <p>The proposed ESOS is also extended to the non-executive directors of the listed entity(ies) within the Group to recognise their contribution towards the growth and performance of the Group and to enable them to participate in the future growth of the Group.</p> <p>MSWG has no objection to the proposed ESOS and ESGP to be granted to the executive directors of the Company and the Group as ESOS and ESGP serve to attract, retain, motivate, and reward executive directors.</p> <p>The other directors of the Company which include the Independent Non-Executive Chairman and Independent Non-Executive Directors are to be remunerated by fees and allowances and not ESOS and ESGP. Their remuneration should not be based on the profit and performance of the Group. The award of ESOS and ESGP to independent directors should not be encouraged to ensure their independence and objectivity in performing their check and balance role. The nature and structure of the remuneration may cause potential conflict of interest or where the objectivity or independence of the Board could be impaired.</p> <p>Similarly, the proposed allocation of ESOS and ESGP to non-independent non-executive directors should not be encouraged as they are not responsible for the profit and performance of the Group.</p> <p>In view of the above, MSWG does not support the proposed resolutions to allocate ESOS and ESGP to independent directors and non-independent non-executive directors.</p>
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30.08.24 (Fri) 09.00 am	Asia Brands Berhad (AGM)	<p>Operating cash flows</p> <table border="1" data-bbox="724 232 1449 367"> <thead> <tr> <th></th> <th>FY2024 RM'000</th> <th>FY2023 RM'000</th> <th>FY2022 RM'000</th> </tr> </thead> <tbody> <tr> <td>Net cash from operating activities</td> <td>346</td> <td>6,626</td> <td>33,037</td> </tr> </tbody> </table> <p>The Group's net cash from operating activities has decreased significantly over the past two years, with only RM346,000 recorded in FY2024. Additionally, short-term bank borrowings increased to RM34.2 million at the end of FY2024 as compared to RM14.2 million a year ago (Page 57 of AR2024). What are the challenges the Group is facing in maintaining a healthy and steady operating cash flow?</p>		FY2024 RM'000	FY2023 RM'000	FY2022 RM'000	Net cash from operating activities	346	6,626	33,037
	FY2024 RM'000	FY2023 RM'000	FY2022 RM'000							
Net cash from operating activities	346	6,626	33,037							
30.08.24 (Fri) 11.00 am	Solarvest Holdings Berhad (EGM)	<p>The potential rental savings and income may be offset by the interest costs that the Group will incur, given that the Proposed Acquisition is to be financed through a combination of internally generated funds and bank borrowings. Additionally, using internally generated funds would reduce the cash available for project execution.</p> <p>The Company is also undertaking a private placement exercise to raise funds for its commercial & industrial ("C&I") rooftop solar projects and Corporate Green Power Programme ("CGPP") projects and working capital.</p> <ol style="list-style-type: none"> How does the Company plan to balance the potential rental savings and income with the interest costs that will be incurred due to the bank borrowings used to part finance the Proposed Acquisition? In view that the Proposed Acquisition will be part financed via internally generated funds, how will this impact the Company's cash flow and its ability to execute ongoing and future projects? In the event that the private placement exercise is not completed as anticipated, how would this affect the Proposed Acquisition? What is the expected annual depreciation relating to Solarvest Tower, including future capital expenditure? 								

<p>30.08.24 (Fri) 10.30 am</p>	<p>ACME Holdings Berhad (AGM)</p>	<p>The Group has entered a Development Agreement with Pertubuhan Keselamatan Sosial (“PERKESO”) to undertake property development on a piece of land located at Jalan Kia Peng, Wilayah Persekutuan Kuala Lumpur with a Gross Development Values of RM1.54 billion.</p> <ul style="list-style-type: none"> a) How did the Company manage to secure the Development Agreement with PERKESO as there are other more established property developers interested in developing the land as well? b) What is the company’s share of profit from this property development project? c) How does the Company plan to fund the development of the land that has a massive Gross Development Value? d) Under what circumstances can the Development Agreement be terminated? e) How does the Group plan to mitigate the construction and completion risks of this property project?
<p>30.08.24 (Fri) 02.30 pm</p>	<p>SAM Engineering & Equipment (M) Berhad (AGM)</p>	<ol style="list-style-type: none"> 1. By 31 March 2024, the total order backlogs of both Airbus and Boeing increased to 14,885 aircraft. (Page 29 of Annual Report 2024) <p>In January 2024, the Federal Aviation Administration (“FAA”) halted production expansion of Boeing 737 Max. (Source: Federal Aviation Administration’ website)</p> <p>How has the directive from FAA impacted SAMEE during FYE 2024 and the upcoming financial year?</p> <ol style="list-style-type: none"> 2. How might the Foreign Direct Product Rule, if imposed by the United States on export of semiconductor to China, affect SAMEE either directly or indirectly?

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presents

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NATIONAL CORPORATE GOVERNANCE
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2024

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23 SEPTEMBER 2024 | MONDAY
9.00 AM - 5.00 PM
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Level 23-2, Menara AIA Sentral
 No.30, Jalan Sultan Ismail
 50250 Kuala Lumpur, Malaysia
 +603 2732 0010
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Managing Whistleblowing What You Should Know and Do

Programme Overview

This programme equips professionals in governance, compliance, risk management, and audit with the knowledge and tools to establish and maintain effective whistleblowing mechanisms. It focuses on integrating ISO 37002 Whistleblowing Management System (WMS) with legislative requirements, governance frameworks, policies, procedures, and emerging technologies to foster transparency, integrity, and accountability. The session will include a fireside chat with a former whistleblower, sharing his experiences and the gaps he encountered.

Session 1

Whistleblowing and ISO 37002 in the Malaysian Business Context

The significance of whistleblowing in business, key legislative requirements like the Whistleblower Protection Act 2010, and an introduction to ISO 37002. It includes case studies from Malaysian businesses to illustrate effective whistleblowing mechanisms and legal safeguards.

Session 2

Developing and Implementing Whistleblowing Policies and Procedures

Key components of an effective whistleblowing policy in line with ISO 37002 and local legislation. It will cover designing procedures for reporting, investigation, and follow-up, ensuring confidentiality, and protecting whistleblowers. Participants will engage in an interactive workshop to draft a whistleblowing policy for a hypothetical organisation.

Session 3

Governance, Management, and Emerging Technologies in Whistleblowing

Integrating governance frameworks to support whistleblowing systems, best practices for managing whistleblowing reports, and the role of emerging technologies such as encrypted communication tools and blockchain. It will also include a demonstration of implementing a secure whistleblowing technology solution.

Session 4

Monitoring, Evaluating, and Improving Whistleblowing Systems

Explore methods to evaluate the effectiveness of whistleblowing systems, continuous improvement practices customised for business organisations, and the use of data analytics and reporting tools to monitor and enhance these systems. Additionally, there will be a group discussion on challenges and solutions for maintaining effective whistleblowing systems in the business sector.

Session 5

Fireside Chat - What Made Me to Whistleblow

Dr. Muhammad Mohan, a former whistleblower, offers a firsthand account of his journey and motivations behind whistleblowing. Gain unique insights into the challenges faced and the pivotal moments that led Dr. Mohan to speak out, shedding light on the importance of transparency and ethical governance in organisational practices. Join us for an illuminating discussion that explores the personal and professional implications of taking a stand for integrity and accountability.



Trainer's Profile
Raymon Ram

Raymon is a seasoned advocate against economic crime with vast experience in leading corporate fraud investigations, facilitating anti-fraud courses, and contributing to Malaysia's anti-corruption initiatives. He has authored publications, developed anti-corruption guidelines, and is a certified fraud, bribery, and money laundering trainer. As the Founder and Managing Principal of Graymatter Forensic Advisory, he specialises in financial forensics and compliance. He also holds leadership roles at Transparency International Malaysia and the UN Office on Drugs and Crime.

Raymon is a Certified Fraud Examiner (CFE), Certified Anti-Money Laundering Specialist (CAMS), and ISO 37001 Lead Auditor. He holds a Master's in economic crime management, a Bachelor's in Psychology (HONS), and a Corporate Governance Certificate from the Basel Institute of Governance, Switzerland. He is also pursuing a Doctorate in Business Administration in Malaysia.



Panelist Profile
Dr. Muhammad Mohan

Dr. Muhammad Mohan, President of Transparency International Malaysia, is a leading advocate against corruption, promoting good governance and ethical corporate culture. A former whistle-blower who exposed corruption at his previous company and served as a key witness for ICA (now MACC), he joined TI-Malaysia to continue his advocacy. He frequently addresses ethics, governance, and anti-corruption in public and in-house programs and led a team to publish *The Sin of Corruption: A Religious Perspective*.

He is a PRCB-certified Lead Auditor for ABMS ISO 37001 and an engineer by profession. He has held leadership roles in plantation industries in Malaysia and the Middle East, including with the Sime Darby Group, Golden Hope Plantations, Tradewinds Plantations, and the Savella Group. He also holds a Doctorate in Business Administration from the University of Newcastle, Australia.



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24 SEPTEMBER 2024 | TUESDAY
9.00 AM - 5.00 PM
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What Can Seriously Go Wrong with RPTs?

Understand the legal requirements and gain insights from recent case

Programme Overview

This training programme aims to equip participants with a comprehensive understanding of Related Party Transactions (RPTs) and Recurrent Related Party Transactions (RRPTs), including conflict of interest (COI) situations and enhanced disclosure requirements. Participants will learn to develop and implement a Related Party Transaction Framework as a crucial line of defence, ensure transactions are conducted at 'arm's length' to protect minority shareholders and understand the importance of compliance with Transfer Pricing regulations to mitigate tax risks. The programme will highlight the benefits of a holistic governance, risk management, and internal control framework in providing assurance to the Audit Committee and Board and will address common pitfalls in managing RPTs.

Part 1 | 9:00 am - 10:30 am

- **Overview of Related Parties (RP), RPTs, and COI Situations**
 Discusses recent amendments enhancing COI disclosures.
- **Regulatory Perspectives on RPTs**
 Examines RPTs through the Companies Act 2016, Securities Commission Guidelines, MFRS, and Bursa Malaysia's Listing Requirements.
- **RPTs vs. RRPTs**
 Clarifies the distinction between Related Party Transactions and Recurrent Related Party Transactions.
- **Why RPTs are scrutinised?**
 Emphasises the importance of transparency, fairness, and protecting minority shareholders in corporate governance.

Part 2 | 11:00 am - 12:30 pm

- **Roles of the Board, Audit Committee, and Management**
 Focus on their responsibilities in managing RPTs, RRPTs, and COI situations.
- **Audit Committee Focus**
 Emphasizes key elements in reviewing RPTs, utilising tools from the Corporate Governance Guide 4th Edition for effective oversight.
- **Importance of RPT Framework**
 Highlights the need for a strong framework to ensure transparency, accountability, and regulatory compliance.

Part 2 | 11:00 am - 12:30 pm

- **Governance, Risk, and Control (GRC) Framework**
 Discusses its role in managing RPTs and RRPTs, especially concerning the Shareholders' Mandate, ensuring alignment with corporate governance best practices.

Part 3 | 2:00 pm - 3:30 pm

- **"Arm's Length" Concept in RPTs**
 Highlights the need for proper documentation to ensure transactions are fair and equitable.
- **Tax Corporate Governance Framework**
 Discusses the importance of transfer pricing compliance to meet regulatory standards in related party transactions.

- **Role of Auditors**
 Explores how Internal and External Auditors review and validate transactions to maintain transparency, accuracy, and compliance.

- **Ensuring Compliance**
 Emphasizes adherence to financial and governance practices within the organisation.

Part 4 | 3:45 pm - 5:00 pm

- **Case studies**
 What can still go "wrong"?



Trainer's Profile
Lee Min On

Lee Min On is a well-sought-after trainer for in-house training, public seminars and conferences, sharing thoughts and insights on Sustainability, Governance, Risk, Controls, & Internal Audit. He is an Audit Committee member of the Malaysian Institute of Accountants. He is also an Independent Non-Executive Director of four Main Market listed issuers in Malaysia. His qualifications and professional membership are Chartered Accountant, Malaysian Institute of Accountants, Certified Public Accountant, Malaysian Institute of Certified Public Accountants and Fellow Member, The Institute of Internal Auditors Malaysia. He retired as a Partner of KPMG in Malaysia in December 2015 after serving with the firm for 36 years.



MINORITY SHAREHOLDERS WATCH GROUP

26 SEPTEMBER 2024 | THURSDAY

9.00 AM - 1.00 PM

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揭秘ESG和气候相关的汇报与披露格式

为大马交易所永续发展报告框架, 和即将落实的IFRS S1和IFRS S2 新准则做好准备

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Introduction

揭秘新 ESG 和气候披露框架: 大马联交所(Bursa Malaysia), 气候相关财务信息披露工作组(TCFD), 国际财务报告准则第1号(IFRS S1)和国际财务报告准则第2号(IFRS S2)带来的影响和新规定。

Note: 网络研讨会以中文进行, 材料为中英文双语。

Part 1 | 9:00 am - 10:30 am

- 1) 什么是环境、社会及管治("ESG")汇报
- 2) 国际可持续发展报告格局发展趋势
- 3) 大马联交所 ESG 汇报新规定
 - 共同的可持续发展事项和指标
 - ESG重要性评估

Part 2a | 10:45 am - 1:00 pm

- 4) 国际财务报告准则第1号和第2号简介
 - 大马分阶段采用国际可持续发展准则理事会 ISSB 汇报框架的建议
- 5) 揭秘国际财务报告准则第1号: 可持续相关财务信息披露一般要求
 - SASB 汇报框架
- 6) 了解国际财务报告准则第1号和国际财务报告准则第2号的核心内容:
 - 管治
 - 策略
 - 风险管理
 - 指标及目标

Part 2b | 10:45 am - 1:00 pm

- 7) 揭秘国际财务报告准则第2号气候相关披露, 气候相关财务信息披露工作组 TCFD
 - 什么是IFRS S2
 - 为什么必须做气候相关披露?
- 8) 揭秘国际财务报告准则第2号跨行业指标类别
 - 温室气体排放
 - 与气候相关的物理风险
 - 气候相关转型风险
 - 资本部署
 - 内部碳价
 - 薪酬
- 9) 揭秘与气候相关的风险和机遇
 - 与气候相关的物理风险
 - 与气候相关的转型风险
 - 与气候相关的机遇
- 10) 揭秘气候相关情景分析
 - 什么是气候相关情景分析
 - 气候情景的类型
- 11) 生效日期和豁免

Trainer's Profile

Pam Lee
Founder - Polar Advisory Group Sdn Bhd

Pam Lee's previous ESG leadership roles include serving as leader of the corporate sustainability & climate change practice at sustainability consultancy ERM in Malaysia, ESG lead at financial institution MIDF Group, and ESG services at professional services firm BDO in Malaysia. Before pursuing her passion for sustainability, she served as Executive Director and license holder advising on corporate finance in the financial advisory practice at BDO. A Global Reporting Initiative (GRI) Certified Sustainability Professional, she is well versed in sustainability reporting, greenhouse gas, climate risks, and opportunities. Pam is a Fellow of the Institute of Chartered Accountants of England and Wales (ICAEW), a member of the Malaysian Institute of Accountants (MIA), a member of the Malaysian Institute of Certified Public Accountants (MICPA), and a graduate of the London School of Economics and Political Science.

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Programme1 DAY
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3 SEPTEMBER 2024
TUESDAY

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Understanding IFRS S1 and IFRS S2

4 SEPTEMBER 2024
WEDNESDAY

9.00 AM - 5.00 PM

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