MSWG
MINORITY SHAREHOLDERS WATCH GROUP
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MiTech’s Journey to Achieve at Least 30% Women on Board

KEY HIGHLIGHTS

- Not many PLCs speak at length about their gender diversity. An exception is Mi Technovation (MiTech).
- During its recent AGM, we received detailed responses from the Company to our questions on its gender diversity at the board level.
- While the current women's representation at the MiTech’s board stands at 25%, it is committed to pursuing the 30% target. A few initiatives were introduced to achieve the target of at least 30% women on board.

By MSWG Team

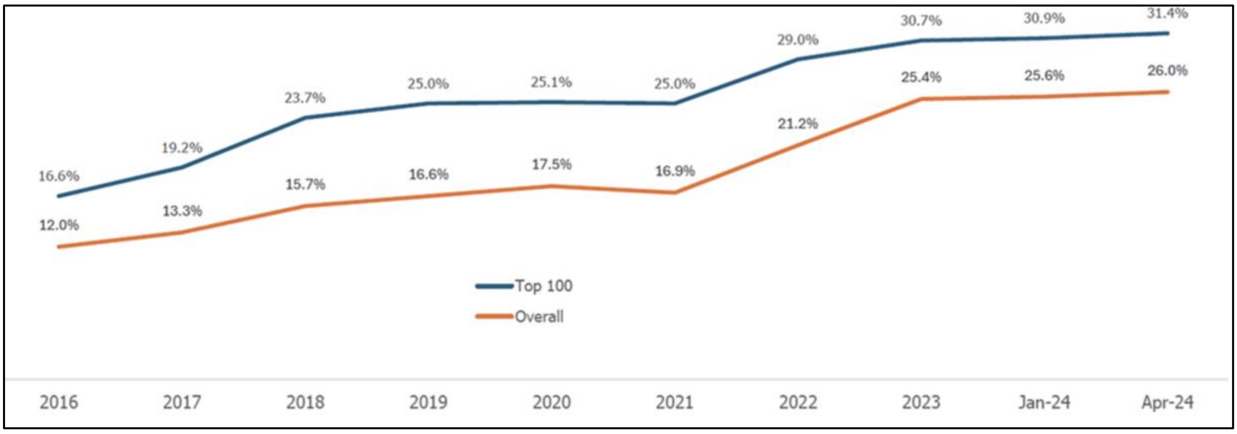
The campaign to increase the number of women participating on boards has long been advocated, with the Malaysian government championing this cause since 2017. The question now is whether this campaign continues and remains relevant today.

The relevance of this campaign persists in today's global market. Many countries and organisations are still considering and pushing for gender diversity on boards. A diverse board brings varied perspectives, leading to better decision-making, enhanced company performance, and improved corporate governance. It is crucial to have a mix of genders to represent the broader demographics of the workforce and society.

In Malaysia, the Securities Commission Malaysia (SC Malaysia) and Bursa Malaysia have recently required at least one woman on every board through the Listing Requirements. Additionally, the Malaysian Code on Corporate Governance 2021 (MCCG) has extended its target of achieving 30% women on boards to all companies, previously applicable only to large companies. This move underscores the nation's commitment to fostering gender diversity at the highest levels of corporate governance.

However, the latest statistics from SC Malaysia reveal that progress still needs to be improved. While the top 100 Public-Listed Companies (PLCs) have achieved 31.4% of women on boards, the overall percentage across all PLCs remains at 26%. Eight PLCs still have all-male boards at the company level, and only 346 have met the target of 30% women on boards.

Percentage of women on the boards of public listed companies on Bursa Malaysia



Participation of women on the board (WOB) - Breakdown

	All-male boards		Only 1 woman director		≥ 30% WOB		≥ 50% WOB	
	All PLCs	TOP 100 PLCs	All PLCs	TOP 100 PLCs	All PLCs	TOP 100 PLCs	All PLCs	TOP 100 PLCs
1 Apr 2024	7	1	424	13	346	62	53	11
1 Jan 2024	6	0	441	15	324	57	55	11
1 Oct 2023	8	0	448	17	308	58	49	9
1 Jul 2023	22	1	451	18	295	58	42	6
1 Apr 2023	138	1	359	17	265	54	38	5
1 Jan 2023	160	1	353	21	254	55	34	4
1 Oct 2022	188	0	354	23	224	50	28	3
1 Jul 2022	205	3	360	19	210	52	27	3

Data as of 1 April 2024
Source: SC Malaysia

We call upon companies to push this agenda forward together. At MSWG, we identify this as a critical theme and raise the matter at all Annual General Meetings (AGMs) of the 450 PLCs we cover. We will continue to advocate for and support the increase of women on boards, aiming for a more inclusive and effective corporate governance landscape.

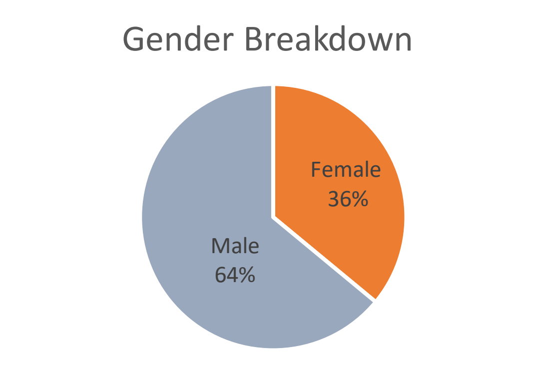
A case in point: Mi Technovation Berhad

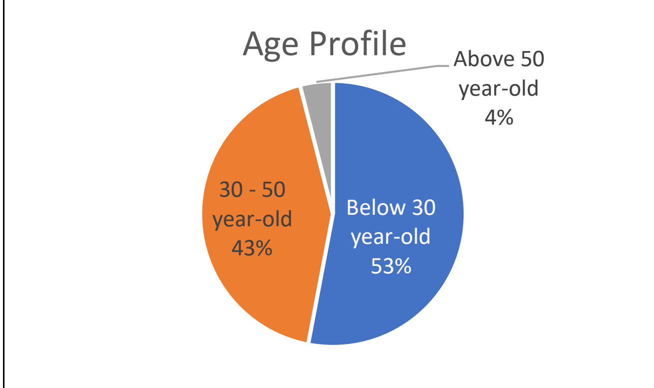
Only a few PLCs speak at length about their gender diversity. An exception is Mi Technovation Berhad (MiTech), a leading semiconductor equipment solutions provider.

During its recent AGM, the company provided detailed responses to our questions on gender diversity at the board level.

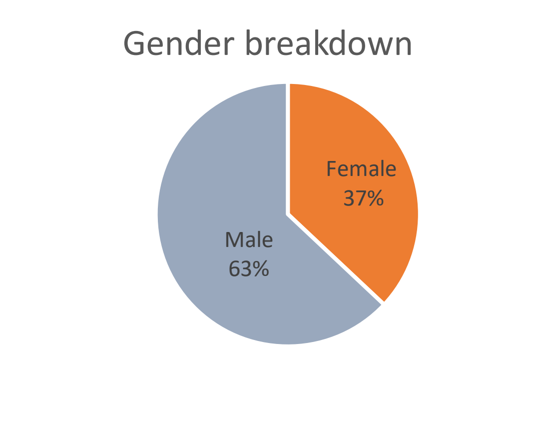
According to a woman independent director at MiTech, the Company is committed to the gender diversity agenda. For example, 36% of the workforce in Malaysia are women, while in Taiwan, it is 37%, according to its Annual Report 2023. A gender gap is common in the technology sector, which is still mostly dominated by males. Nevertheless, she said, “Time has changed.”

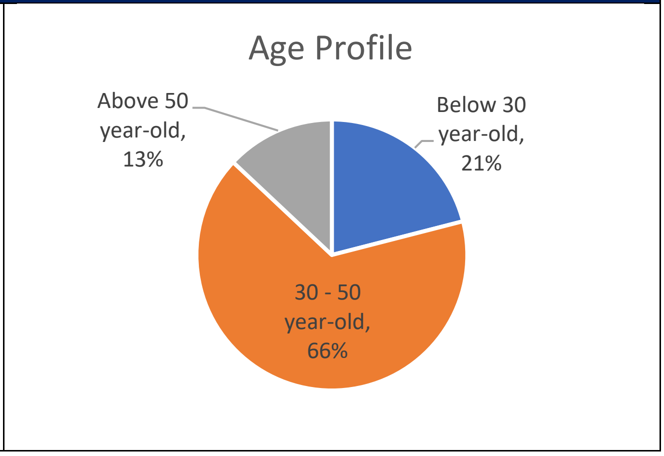
MiTech’s workforce breakdown by gender and age at Mi Equipment Malaysia





MiTech’s workforce breakdown by gender and age at Accurus Scientific Taiwan





MiTech women's representation at the board level stands at 25%. Even with this, it has introduced a few initiatives to achieve at least 30% women representation on its board. The initiatives are:

1. Conducting independent review

The Company engages an independent expert to review the board's composition, skills, experiences and competencies. This aligns with Practice 6.1 of the Malaysian Code of Corporate Governance 2021. Based on the review, the independent expert recommended that the company consider potential candidates with expertise in HR, IT or Banking.

2. Targeted recruitment

Utilising third-party sources, MiTech seeks to recruit a female director with expertise in investment banking and the equity capital market. This will complement the existing mix of responsibilities, skills, experiences, and competencies of the Board & committees.

3. Active participation in outreach programmes

The independent director elaborated on an outreach programme she participated in last year. She was on the organising committee and was the emcee for a women-on-board event held jointly with Penang Women's Development Corporation (PWDC).

The event aimed to inspire board-ready women to come forward to serve the community and advance their careers. It managed to garner 38 contacts from the event.

With these initiatives, MiTech targets achieving at least 30% women representation on the board by June 2025. It expects the successful appointment of another new female director will help it reach 33% (3/9) women representation on the board.

Nevertheless, MiTech emphasises meritocracy and equal opportunities when recruiting suitable directors. For now, it prioritises appointing candidates with expertise in investment banking and equity capital markets, regardless of gender and age.

Kudos to MiTech for taking the issue of gender diversity at the board level seriously.

In summary, PLCs should put in more effort to ensure a gender-diverse composition to create a more inclusive and balanced board. The underrepresentation of women on boards is a missed opportunity for PLCs to benefit from a wider talent pool. With that, PLCs should actively work to improve gender diversity metrics within the company and at the board level.

MSWG AGM/EGM Weekly Watch 1 – 5 July 2024

The following are the AGMs/EGMs of companies on the 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	Quick-take
03.07.24 (Wed) 10.30 am	Scanwolf Corporation Berhad (EGM)	Scanwolf proposed to diversify into the construction business to enhance its financial performance, given the lacklustre performance of its existing Manufacturing and Property Development business. The Company has been making losses over the last three financial years, with net losses ranging between RM217,000 and RM17.07 million. Accordingly, the Board recommends that shareholders to vote in favour of the resolution pertaining to the Proposed Diversification to be tabled at the forthcoming AGM.
03.07.24 (Wed) 11.00 am	Kim Loong Resources Berhad (AGM)	Kim Loong recorded a 20% decline in revenue to RM1.5 billion in FY2024, mainly due to a 22% drop in the average CPO price. Meanwhile, profit before tax (PBT) was 8% lower at RM232.28 million. The lower decline in PBT, compared to revenue, was due to higher FFB production in FY2024 and improvement in mill processing margin. FFB production increased by 15% to 329,597 MT. It targets to achieve at least 15% growth in FFB production in FY2025.
03.07.24 (Wed) 02.00 pm	Crescendo Corporation Berhad (AGM)	The Group managed to deliver a stronger full year's revenue of RM341.3 million, resulting in a higher net profit of RM56.7 million compared to RM215.7 million in revenue and RM24.5 million net profit FY2023.

Date & Time	Company	Quick-take
		The Board has declared a total of 18.0 sen per ordinary share of single tier dividend for FY2024
04.07.34 (Thur) 03.00 pm	Nexgram Holdings Berhad (AGM)	During the 18-month financial period ended 31 January 2024, the Group's revenue surged by 169.28%, driven by significant increases in the logistics and ICT segments. Despite the revenue growth, the Group recorded a loss before taxation of RM26.01 million, primarily due to a write-off of intangible assets, increased depreciation from refurbishment, and impairment losses from goodwill on consolidation.
05.07.24 (Fri) 10.30 am	Quality Concrete Holdings Berhad (AGM)	Quality Concrete posted a lower revenue of RM176 million in FY2024 compared to RM208.49 million in the previous year. However, it recorded a widened net loss of RM11.23 million, against - RM2.24 million as both Property & Construction, and Manufacturing segment recorded losses in the year. Notably, the Construction division turned loss-making with pre-tax loss of RM7.3 million, compared to pre-tax profit of RM1.9 million previously, primarily due to escalation of construction material costs and rising interest rates. The division also made a foreseeable loss provision of RM1.34 million on an ongoing project expected to be lossmaking upon completion.
05.07.24 (Fri) 11.00 am	Hextar Capital Berhad (EGM)	The Company proposes to undertake the diversification of the Group's existing businesses to include the construction and project management business. The Group is currently involved in manufacturing of fibre optic cables, telecommunication network

Date & Time	Company	Quick-take
		infrastructure solutions and power generation and transmission business.

Points of interest

Company	Points/Issues to Be Raised
Scanwolf Corporation Berhad (EGM)	Scanwolf proposed diversifying its existing business activities to include construction and related activities. The Construction business will be spearheaded by Mr. Eddy Seah, the managing director of Scanwolf, who was appointed on 16 April 2024. He will be supported by several key management personnel in establishing the Construction business. a) Seah is also the executive director of Fixus Construction Sdn Bhd (Fixus), which he established in 2015. Fixus is involved in the construction and maintenance of buildings and infrastructure. As the ED of Fixus, Mr. Eddy Seah is responsible for the company's strategic planning and business direction. He also partakes in contract negotiations, contract and progress monitoring, budget and quality control, construction and infrastructure works and the overall operations of the construction business. Given his executive roles and duties in Fixus, how does Mr. Eddy Seah devote full commitment to steering the new business and turning around the financial performance of Scanwolf? What is the view of the Nomination Committee in terms of the MD's time commitment? What is Mr. Eddy Seah's shareholding in Fixus? b) Mr. Eddy Seah's involvement in Fixus "may give rise to a potential conflict of interest situation, such situation is mitigated as it is Scanwolf's strategy at this juncture (as a new entrant into the construction industry) to focus on smaller scale construction contracts (circa RM15 million per award) whereby Eddy Seah will ensure Fixus will not be participating" (page 4 of Circular dated 18 June 2024).

Company	Points/Issues to Be Raised
	i. Scanwolf is a registered Grade G7 contractor with the Construction Industry Development Board (CIDB), which allows the Group to tender for projects of any size or value without limitation. Why was a threshold of RM15 million set for the value of jobs to tender? Prospects of bidding for larger jobs. What parameters were used to determine this maximum contract value to tender? Suppose both Scanwolf and Fixus are equally compatible and qualified to tender for a project, how does Mr. Eddy Seah balance the interests of Scanwolf's minority shareholders with his personal interests in Fixus? We are concerned that such a strategy limits Scanwolf's prospects of bidding for larger jobs. ii. What is Scanwolf's area of expertise, and what is the scope of work to be undertaken in the future?
Kim Loong Resources Berhad (AGM)	As part of its plan to achieve long-term sustainability in FFB production, the Group has resumed replanting activities since 2023 and targets to replant about 1,000 hectares per year in coming years. (page 23 of Annual Report (AR) 2024) a) What is the total area that is due to be replanted in the coming years? b) What was the average age of your overall palm trees as at end-FY2024? And what is the expected average age once the whole replanting programme is completed? c) What is the budgeted capex for FY2025 and its breakdown between plantation and milling operations?
Crescendo Corporation Berhad (AGM)	The Group's Manufacturing Division saw a profit margin decline to 3.7% in FY 2024, compared to 5.3% in FY 2023. This was mainly due to higher production costs. a) Please explain the reasons for the higher production in FY 2024 and name the 3 components of production costs that have registered increases in FY 2024 as compared to FY 2023

Company	Points/Issues to Be Raised
	b) What measures have been taken by the Group to mitigate the further drop in the profit margin going forward? c) Are the measures successful in terms of improving the profit margin in FY 2025? If yes, by what percentage? If not, why?
Nexgram Holdings Berhad (AGM)	On 14 August 2023, CIMB Bank Berhad served the Company with a letter of demand regarding a corporate guarantee provided to Nextnation Network Sdn Bhd (Liquidated), a former subsidiary of the Company. The letter of demand gave rise to the financial guarantee liabilities of RM265,869. (Page 160 of Annual Report 2023 "AR2023") Further, Tri-G Technologies Sdn Bhd, a 51%-owned subsidiary of the Company, was served a letter of demand on 18 August 2023 by Maybank Islamic Berhad. The total term loan balance of RM1.6 million has been classified as current liabilities. (Page 156 of AR2023) a) What measures are being taken to address and manage the financial obligations? b) Please elaborate on the oversight and governance processes in place to monitor subsidiaries' financial health and compliance. c) Are there strategic decisions or adjustments in the Group's business plans considering its current financial situation? d) The independent auditors' opinion as set out on Page 62 of AR2023: "The above events and conditions indicate a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern." The Company's current financial condition, as indicated by the letters of demand and the independent auditors' opinion, does not appear to have manifested suddenly.

Company	Points/Issues to Be Raised
	Were the payment obligations identified as potential concerns at an earlier stage?
Quality Concrete Holdings Berhad (AGM)	1. Under the Construction & Property Development segment, the Construction division has an orderbook of RM120 million to be completed in the next two years. We notice that the orderbook size was the lowest among the past three years, compared to RM205 million in FY2023 and RM289 million in FY2022. The Construction division remained the largest revenue contributor to QCHB, with RM78.6 million in revenue contributed in FY2024. On the other hand, the division turned loss-making in FY2024 at a pretax loss of RM7.3 million, compared to a pretax profit of RM1.9 million previously (page 7 of AR2024). We are concerned about the dwindling orderbook and the long-term sustainability of the division. a) What is the tender-book size and the average success rate of securing a job? What is the expected replenishment rate for FY2025? Please share the types of projects QCHB is vying for and their contract value. b) Rising construction material costs and rising interest rates are the key factors resulting in pre-tax losses in the Construction division. Meanwhile, QCHB also provided a foreseeable loss amounting to RM1.34 million on an ongoing project that is expected to be loss-making upon completion (pages 7 and 68 of AR2024). i) On average, what is the quantum of cost increases for the key materials compared to the previous year? ii) What is the project that is expected to be loss-making upon completion? When did QCHB secure the project? Did QCHB attempt to pass on the cost increases to its customers and the outcome of it? Has QCHB embedded a contractual provision in the agreement that

Company	Points/Issues to Be Raised
	allows it to pass on the cost increases to customers? How does the Company ensure that similar provisions will not recur? 2. Key Audit Matters (KAMs) (pages 132 and 133 of AR2024) - Property, plant and equipment (PPE) **External auditors KPMG PLT's comments:** The carrying amount of non-financial assets comprised 43% of total assets as of 31 January 2024. Certain subsidiaries were continually loss-making, and this is an indication that the underlying non-financial assets, namely property, plant and equipment, land held for property development and investment properties, of those subsidiaries may be impaired. - Investment in subsidiaries **External auditors KPMG PLT's comments:** As at 31 January 2024, The total carrying value of investment in subsidiaries amounted to RM128.2 million, representing 95% of its total assets. Certain subsidiaries of the Company were loss-making and recorded negative operating cash flow, which indicated that there may be an impairment on the investment in these subsidiaries. The primary cause of these two KAMs is the loss-making status of certain subsidiaries, which raises the risk of impairment in PPE and investments in subsidiaries if their carrying amounts exceed their recoverable amounts. This could lead to impairment losses and a reduction in asset values on the income statement and balance sheet. How do the Board and management plan to address the two KAMs? What strategies will QCHB employ to manage and mitigate these risks? Please comment on the likelihood of impairment in PPE and subsidiaries.
Hextar Capital Berhad (EGM)	1. On 16 January 2024, Sarawak Consolidated Industries Bhd (SCIB) accepted a letter of award from Landasan Kapital (M) Sdn Bhd for the execution of civil, structural, architectural and mechanical works. The project involves the construction of student hostels in Universiti

Company	Points/Issues to Be Raised
	Malaysia Kelantan located in Bachok, Kelantan. On 12 March 2024, SCIB and Landasan Kapital mutually agreed to terminate the project. SCIB informed that the company is taking necessary measures to protect its interests by enforcing its rights under the contract. This is to mitigate the risks that could potentially arise from the project site's unreadiness, which could lead to delays in site possession and commencement of its scope of work. Considering the tight project timeline and the possibility that an extension of time may not be granted by the project owner, these delays could significantly impact on the project timeline, posing a risk of loss due to late delivery. What measures are being taken to ensure that the Group can successfully manage and complete the construction project within the timeframe given by Landasan Kapital (M) Sdn Bhd? 2. Given HexCap's involvement in various business segments such as manufacturing, telecommunication network infrastructure solutions and power generation and transmission, how does the Company justify the need to diversify further instead of focusing on and optimising the performance of the existing business segments?

Announcement