New Straits Times, Business Times – 16 December 2024 (Part 1)

MSWG AGM/EGM WEEKLY WATCH
16 – 20 DECEMBER 2024

MSWG had issued AGM/EGM letter to the following PLCs for their shareholders meeting held from 16 - 20 December 2024.

The extraction of the question raised in the letter is highlighted here. For the details of other questions, please login to MSWG website at **www.mswg.org.my**.

One of the points of interest to be raised:

Company	Points/Issues to Be Raised
P.A. Resources Berhad (AGM)	Following market research, PARB ventured into the plantation industry by offering harvesting tools for the oil palm sector. Leveraging its existing production line, the Group sees this new venture as synergistic with its current operation. (page 12 of AR 2024) a) What is the current market size for oil palm harvesting tools in the Group's target markets? b) What is the competitive landscape in the oil palm harvesting tools market? How does PARB plan to differentiate its products from existing competitors? c) What is the initial capital investment for this venture? What are the expected profit margins on the harvesting tools?
Tomypak Holdings Berhad (AGM)	1. In November 2023, Tomypak's wholly-owned subsidiary Tomypak Flexible Packaging Sdn Bhd (TFP) acquired a 70% equity stake in EB Packaging Sdn Bhd (EBP) for RM73.5 million. Subsequently, in April 2024, TFP exercised the first call option to acquire an additional 10% in EBP for RM10.5 million. a) How much revenue and profit from EBP was recognised in Tomypak's account in FY2024? b) On a scale of 0 to 100%, to what extent have the businesses and operations of EB Packaging been integrated into the Group (page 7, AR2024)? What are the key challenges in integrating EBP's operation into Tomypak? c) Additionally, please provide examples of cross-selling and upselling opportunities between TFP and EBP. 2. Tomypak reported a nearly threefold increase in revenue for Q1FY2025 ended 30 September 2024, amounting to RM56.54 million compared to RM14.59 million in Q1FY2024. Despite the significant revenue growth, the Company incurred an operational loss of RM3.7 million, albeit a stark improvement from the RM7.67 million loss in the same period last year. Additionally, the quarterly net loss narrowed to RM6.5 million from RM8.1 million previously. a) What is the likelihood of the Group achieving a turnaround in FY2025? How close is the Group to regaining profitability and restoring production capacity to pre-fire incident levels? b) Tomypak noted that TFP experiences longer sales cycles due to a more complex client onboarding process, while EB Packaging benefits from shorter sales cycles and simpler procedures. How does the Group leverage these differing sales cycles to maximise returns?
Scientex Packaging (Ayer Keroh) Berhad (AGM)	1. SPAK recorded a decrease of 7.9% in revenue to RM713.5 million from RM774.8 million in the preceding financial year due to subdued consumer sentiment and demand in both export and domestic markets. Was the decline in revenue primarily driven by lower average selling prices (ASPs) or sales volume? How has the demand changed year-on-year? How were ASPs in FY2024 compared to the year before? What was the production volume growth or decline of Malaysian production in FY2024? 2. Overall, SPAK has been on a declining return on equity (ROE) for the past five years, from 18.86% to 7.95% currently. In tandem with the declining ROE is a shrinking net profit margin from 7.7% in FY2020 to 4.56% in FY2024. How did the FY2024's ROE perform compared to the internal target set (if there is any)? How does the Company's current ROE compare to industry peers and historical averages? In your opinion, what are the key levers to improve the ROE? In addition, what is the ROE target to be achieved in FY2025? Apart from ROE, what are the other financial targets set by the Group?
MCE Holdings Berhad (AGM)	The Group's inventories written down increased significantly to RM926,289 (FY2023: RM92,614). While inventories written off increased substantially to RM358,314 (FY2023: RM146,434) (page 86 of AR2024) a) What caused the significant rise in the write-down of inventories and were there specific products that contributed to this increase? How much of the written down inventories are still usable or saleable? b) What were the inventory issues faced by the Group that have led to the substantial increase in inventories written off?

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MINORITY SHAREHOLDERS WATCH GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia – Registration No.: 200001022382 (524989-M)

New Straits Times, Business Times – 16 December 2024 (Part 2)

MSWG AGM/EGM WEEKLY WATCH 16 – 20 DECEMBER 2024

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Company	Points/Issues to Be Raised1.
Scientex Berhad (AGM)	1. Scientex reported a 3.95% increase in sales volume to 266,650 MT compared to 256,510 MT in the previous year (page 61 of Integrated Annual Report (IAR) 2024). However, revenue was marginally lower at RM2.59 billion against RM2.63 billion previously, suggesting that product selling prices faced downward pressure during the year. a) The Consumer Packaging segment reportedly experienced a decline in demand during FY2024, in contrast to the improved demand for Industrial Packaging. What were the primary factors contributing to the slowdown in Consumer Packaging demand? How have the average product selling prices and sales volume in the segment changed year-on-year? What are the breakdowns of sales volume and revenue of the two segments? b) Overall, what was the Group's production volume in FY2024? Additionally, what is the average capacity utilisation rate across its 18 manufacturing plants? Additionally, how did Scientex's Phoenix, Arizona manufacturing plant perform operationally and financially in FY2024? c) Has there been any demand recovery for Consumer Packaging division? What are the anticipated catalysts for stronger financial performance in both segments in FY2025? d) We noted that the Packaging division's operating profit rose 18.5% to RM218.0 million, driven by a favorable product mix and improvements in operational efficiencies. What specific product mix is the Group referring to? In addition, what are the examples of operational efficiencies achieved in FY2024?
Borneo Oil Berhad (AGM)	1. The Group's revenue declined by 7.5% to RM78.56 million in the financial year ended 30 June 2024 (FY2024) from RM84.99 million in FY2023. Nevertheless, the Group posted a net profit of RM36.33 million, a significant improvement from a loss of RM13.04 million in FY2023 (page 5 of Annual Report 2024). The turnaround performance was primarily driven by a substantial fair value gain of RM159.88 million on quoted securities, particularly from Verde Resources, Inc. (VRDR), which is traded on the US OTC Markets. As of 30 June 2024, VRDR's share price was US$0.45. The carrying amount of investment in VRDR of the Group and the Company amounted to RM339.52 million and RM337.94 million (page 104 of AR2024). However, Bornoil later reported massive losses of RM157.36 million in the first quarter that ended 30 September 2024 as it recorded a fair value loss of RM148.38 million on quoted securities of VRDR. As of 30 September 2024, VRDR closed at US$0.275. The investment in VRDR is the main profit and loss driver for Bornoil. How long has the Group invested in VRDR? What was the entry cost vis-à-vis the current book value? How much per cent of equity interest does Bornoil hold in VRDR? a) The volatile price movement of VRDR and its strong correlation with Bornoil's financial performance may dampen investors' interest in investing in Bornoil. Given the substantial value gain recorded in VRDR, is the time ripe for Bornoil to realise its investment in VRDR? 2. Investment in an associate (pages 158 – 161, AR2024) In April 2022, Bornoil acquired a 15.5% stake in Makin Teguh Sdn Bhd (MTSB) for RM50.7 million in April 2022. Subsequently, it increased its stake in MTSB by another 13.76% for RM45 million in July 2022. On 27 July 2023, Bornoil acquired an additional 20% equity interest in MTSB for RM40 million in cash. Upon completion of the acquisition, Bornoil now holds 49.27% of MTSB which operates an Integrated Limestone Processing Plant (ILPP) in Lahad Datu. In a reply to MSWG's questions dated 16 December 2022 (ref: BOB/MSWG/sf1612), Bornoil justified its investments in MTSB to ride on rising demand for cement in Sabah, given the growing infrastructure development needs and the implementation of mega projects such as the Pan Borneo Highway. However, Bornoil's optimistic projection was not reflected in MTSB's financial performance. Instead, MTSB's financial performance worsened with lower sales and higher losses despite robust infrastructure and construction activities in Sabah. MTSB continued to be in the red during FY2024 with a total loss of RM62.05 million (FY2023: -RM201.88 million). Its revenue was marginally higher at RM12.48 million (FY2023: RM12 million) (page 161, Note 9 – Investment in an associate, AR2024). Prior to this, MTSB has been incurring losses in FY2019 and FY2020 (refer to table below). It managed to record profit in FY2021 primarily due to the fair value gain of investment properties. Without the fair value gain, MTSB would have been making losses in FY2021.

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