MSWG
MINORITY SHAREHOLDERS WATCH GROUP

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down to rubble

Having spent RM66 million across four rounds of acquisition at steep premiums above market price and weakening fundamentals, HC Berhad's escalating investment in BC Berhad reads less like strategy and more like obsession.

HC BERHAD - BC BERHAD PARADOX

Have you ever watched something fall apart in slow motion? Not a crash — no, not that kind of drama — more like… erosion. The kind you don't notice until there's nothing left but dust and denial. That's HC Berhad — and its shiny, obsessive love story with BC Berhad. The one that got away but didn't really want to stay.

See, HC Berhad didn't trip; it drifted. Like conviction melting under fluorescent lights. They spent sixty-six million ringgit — million, with an "M" — buying slices of BC Berhad. Not once. Not twice. Four times! A recent stealthy pick up of 19 million shares came at a 75% premium above the market price. Like an addict chasing that first high. RM0.56, RM0.21… always a little too much, always a little too late.

Now they own 34.6%. Not quite statutory control, not quite distance. Just enough to whisper in the boardroom, but not enough to trigger the big red button — the mandatory general offer. Creeping control. The kind of move that says, "I'm not touching you," while their finger hovers this close to your face.

And here's the genius part — with that slice, that perfect 34.6%, they can block special resolutions. The ones that need seventy-five percent approval. See? Not full control… just the power to say no. A veto dressed as a minority interest. It's not ownership — it's leverage.

They said it was strategic. Of course they did. BC Berhad is in telecom and utilities — 5G towers and shiny solar dreams, Malaysia's buzzwords of the decade. Sounds smart, right? "Synergy." "Growth." "Alignment." Boardroom bingo. Except that solar dream? It's gone. On 31 December 2024, BC Berhad quietly disposed of its 51% stake in its solar subsidiary for RM5.92 million.

Meanwhile, the numbers don't lie — they just bleed quietly. RM111.9 million in revenue, RM2.1 million in profit and negative operating cash flow of RM30.36 million during FY2024. A wafer-thin hope sandwich. Then — poof! — Q22025: losses, negative operating cash flow continued. And still… HC Berhad bought more. Paid more. Premiums above market, like a gambler betting on the same losing hand because the dealer wore a funny smile.

And when people asked why, oh — they had a story. Something about "avoiding undue impact on market pricing." Something about "the scarcity of sizeable shareholdings in the open market." They even added that acquiring such a large block through the open market could be time-consuming and more expensive. Translation? They overpaid on purpose. The irony writes itself — HC Berhad paid well above market price to avoid paying more. Because apparently, when the market doesn't agree with your valuation, the problem must be… the market.

Maybe it's not about profit. Maybe it's about power — or something darker that doesn't fit on a balance sheet. Because paying a premium four times isn't bad math — it's intent. Influence has a price tag.

And as if that wasn't enough self-inflicted comedy, HC Berhad turned its 34.6% dummy, BC Berhad, into a collector of vanity carcasses — overpriced, overrated, and magnificently futile. Empire City, of all places — the graveyard of ambition wrapped in glass and debt. They called it "investment," but it looked more like a slow-motion suicide pact. And when the bleeding wouldn't stop, they breathed "private placement" like a prayer, diluting themselves into oblivion to patch the holes they drilled with their own hands.

This isn't diversification anymore — it's empire building in disguise. A corporate hydra. Chemicals, agriculture, power generation, property, telecommunications — each head twitching in different directions, all connected to one brain humming: *Expand. Expand. Expand.*

And no one's breaking any rules! Oh no. The rulebook's intact, just… interpreted creatively. Independent directors nodding politely, while the valuation report is propped up like a shield to justify the insanity. HC Berhad's grand foray into BC Berhad doesn't look like vision anymore — it looks like obsession in a tailored suit, pacing the boardroom and mistaking compulsion for purpose.

The market sees through it. Always does. BC Berhad's share price didn't soar — it sank, dragged by its own story. Numbers don't bend for narratives.

And the silence… that's the most haunting part. The announcements are polished, perfumed, full of "synergy" and "collaboration." But behind them? Nothing. No real progress. Just the murmur of optimism pretending to be logic. A cautionary tale written in ringgit and regret.

But here's the twist — it was always there. The warning signs. The margins. The valuations. The silence. The belief that the market was wrong and they were right. That's how stories like this end: not with an explosion, but with the quiet sound of confidence collapsing under its own weight.

You can't cheat gravity. Not even with synergy.

[END]

MSWG
AGM/EGM WEEKLY WATCH

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.

QUICK-TAKE

Date & Time	Company	Quick-take
04.11.25 (Tue) 10.00 am	IOI Corporation Berhad (AGM)	The Group's revenue for FY2025 increased by 18% to RM11.3 billion compared to RM9.6 billion in FY2024. Profit before tax (PBT) rose to RM1.88 billion, up from RM1.4 billion in FY2024. The underlying PBT (excluding non-core items) increased 17% to RM1.62 billion (FY2024: RM1.38 billion). Growth was mainly driven by stronger performance in the plantation segment, partially offset by weaker resource-based manufacturing.
05.11.25 (Wed) 10.30 am	CAB Cakaran Corporation Berhad (EGM)	The Group proposed the acquisition of the entire equity interest in Cargill Feed Sdn. Bhd (CFSB) by its wholly owned subsidiary, CAB Cakaran Sdn. Bhd (CABC), for an initial cash consideration of RM231 million, subject to post-completion adjustments.
05.11.25 (Wed) 10.30 am	Hong Leong Industries Berhad (AGM)	In FY2025, the Group's PBT increased by 31% y-o-y to RM866 million, compared to RM662 million in FY2024. This was driven by stronger sales volume and a strategic focus on higher-margin motorcycle models, improved operational processes, cost optimization, and enhanced brand positioning. Additionally, the Group recorded a one-off gain of RM12.6 million from the disposal of a parcel of land.
05.11.25 (Wed) 10.00 am	Gadang Holdings Berhad (AGM)	Gadang's FY2025 revenue rose by 32% to RM779.8 million, up from RM591.9 million in the previous year. This growth was driven by strong progress in the Construction Division, disposal of development land and improved sales in the Property Division. Amid rising revenue, PBT increased by 25% to RM18.0 million compared to RM14.5 million in the prior year. Nevertheless, it anticipates higher operational costs due to stricter compliance requirements, SST revision and expansion effective

Date & Time	Company	Quick-take
		July 2025. These changes may impact construction and development costs.
06.11.25 (Thur) 10.00 am	IOI Properties Group Berhad (AGM)	The Group's revenue grew 4% y-o-y to RM3.06 billion, surpassing the RM3 billion mark for the first time. Key contributors to the Group's performance were from the Property Investment and Hospitality & Leisure segments. Nevertheless, PBT declined to RM1.45 billion (FY2024: RM2.30 billion), while PAT dropped to RM1.07 billion (FY2024: RM2.07 billion) mainly due to a cautious market environment and lower fair value gains from investment properties in FY2025. Despite the dip, the Group remains well-positioned for sustainable growth. The Group declared a record dividend of 8.0 sen, totalling RM440.49 million — the highest since listing.

POINTS OF INTEREST

Company	Points/Issues to Be Raised
Hong Leong Industries Berhad (AGM)	In FY2024, the Group launched the Tekhne brand to enter the automotive parts segment. However, due to intense market fragmentation and a longer-than-expected path to growth, the Group has decided to discontinue operations under Tekhne. The Group remains open to exploring other automotive-related opportunities that better align with its long-term strategic goals. a) To date, what amount has been invested in the development and operations of Tekhne? Could the Group provide a breakdown of the main expenditure areas? b) We note from the response letter to MSWG dated 6 November 2024 that Tekhne commenced operations in February 2024 and is not expected to contribute significantly for FY2025. Apart from market challenges and slower growth, could the Group share the key operational challenges faced during its initial phase? c) How will discontinuing the Tekhne brand affect the Group's earnings in FY2025? Given the discontinuation of the Tekhne brand due to market challenges and slower growth, why does the Group still continue to consider opportunities in the automotive sector rather than exploring industries with more stable growth prospects?

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