MSWG
MINORITY SHAREHOLDERS WATCH GROUP

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United Malacca's MGO oversight serves a cautionary tales for PLCs.

> MSWG AGM/EGM Weekly Watch
Page 6

> Special Announcement
Page 13

UNITED MALACCA'S MGO OVERSIGHT OFFERS CRITICAL GOVERNANCE, REGULATORY, OPERATIONAL LESSONS FOR PLCS

Bewildered alone is an understatement to describe how United Malacca Berhad have overlooked a mandatory general offer (MGO) that was triggered by the stake of its major shareholders – the Tee family and parties acting in concert (PACs) – having crossed the 33.33% statutory threshold in September 2024.

The breach went completely unnoticed by the company, regulators and shareholders themselves, with public revelation only made in October 2026 when a subsequent transaction between the Tee family and Great Eastern Life Assurance (Malaysia) Berhad pushed the latter's stake to 47.66%.

The episode began with a due diligence review in April 2026 of a planned acquisition of shares in United Malacca by Prosper Trading Sdn Bhd (PTSB), a vehicle of the Tee family, from Great Eastern Life Assurance (Malaysia) Berhad. The review found that PTSB has failed to recognise Australian-listed PRL Global Ltd as a PAC.

Following the identification of these additional concerted parties, it was found that the collective shareholdings of PTSB (the Offeror), Tee Kim Tee @ Tee Ching Tee (TKT) and his brother Tee Cheng Hua (TCH, collectively referred to as Joint Ultimate Offerors) and their PACs have exceeded the 33% threshold at the time of the due diligence review in April 2026. Accordingly, the scope of the review was extended to examine the historical shareholding positions of PTSB, TKT, TCH and their PACs.

With that, it was discovered that the 33% critical threshold was already triggered two years ago, on 26 September 2024, when TKT and its PACs increased their holding in United Malacca from 32.63% to 33.7%[1].

The oversight remained unknown until the due diligence review in April 2026.

Plugging the Loopholes

The Offerors and Joint Ultimate Offerors intend to regularise the position arising from the missed 2024 trigger through an MGO and a cash compensation scheme (the Scheme).

The Scheme is extended to shareholders who sold United Malacca shares below RM6.10 between 26 September 2024 and 9 October 2026, provided that they held United Malacca shares as of 26 September 2024, or purchased the shares between 25 and 26 September 2024.

[1] Page 2, Prosper Trading – Compensation Document, accessed via https://www.bursamalaysia.com/market_information/announcements/company_announcement/announcement_details?ann_id=3721163

Eligible shareholders may receive the difference between their disposal price and RM6.10 a share. Shares sold above RM6.10 do not qualify. The scheme closes on 17 December 2026.

Upon triggering the 33% threshold, the Offeror and Joint Ultimate Offerors will extend an MGO to United Malacca shareholders to acquire the remaining 52.34% of shares they do not own at RM6.10 per share.

Upon review and evaluation, independent adviser (IA), MainStreet Advisers Sdn Bhd, has concluded that the Offer is "**NOT FAIR**" and "**NOT REASONABLE**".

Although the Offer Price is higher than the historical market prices of United Malacca on most trading days up to the last practicable date (LPD) of 5 November 2026, the IA considers the Offer to be "**NOT FAIR**" as it represents a discount of RM3.93 (39.18%) to the estimated revalued net asset value (RNAV) per share of RM10.03. It also represents a discount of RM1.35 (18.12%) to the latest unaudited net asset per share of RM7.45 as at 31 July 2026.

The IA adds that the premium of the Offer Price over the historical market prices of United Malacca up to the LPD of between 0.16% and 6.28% is not compelling to justify the acceptance of the Offer at a discount to the estimated RNAV per share.

Additionally, the IA deems the Offer "**NOT REASONABLE**" as the Offeror and Joint Ultimate Offerors intend to maintain the listing status of United Malacca on Bursa Malaysia and have no intention of compulsorily acquire the remaining offer shares.

In view of the above, the IA recommends that shareholders "**REJECT**" the offer.

A Cautionary Tale

The two-year-old MGO oversight at United Malacca offers several important lessons for PLCs, particularly on shareholding surveillance, corporate governance and regulatory compliance. At the heart of the debacle is the difficulty of tracking the collective shareholdings of a vast network of PACs.

Under the Capital Markets and Services Act 2007 (CMSA), PACs refer to individuals or entities who cooperate to acquire shares or exercise control over a company. Certain relationships, including family ties and corporate connections, give rise to presumptions that parties are acting in concert, unless proven otherwise.

United Malacca's Notice of Conditional Mandatory Takeover Offer dated 12 October 2026 listed 28 entities and individuals as PACs to the Offerors and Joint Ultimate Offerors. These included the Joint Offeror's immediate holding company, companies it controlled and its immediate family members, including children, grandchildren and in-laws.

Missed MGOs, rare but not unusual

Although rare, cases of missed or overlooked mandatory general offers (MGOs) are not without precedent on Bursa Malaysia.

One notable case involved IOI Corporation Berhad and its founder, the late Tan Sri Lee Shin Cheng, breached the 33% takeover threshold in Palmco Holdings Berhad (now IOI Oleochemical Industries Bhd) in March 1997 without undertaking the required MGO.

On 24 March 1997, they acquired 52.46 million or 32.96% Palmco shares, at RM4.35 a piece. Subsequent acquisitions the following day increased their combined stake to 33.032%, triggering the MGO obligation. Despite subsequent share disposals and acquisitions, the Securities Commission Malaysia (SC) ruled on 28 May 1999 that IOI Corp and Lee had breached S6(4) of the Malaysian Code on Take-Overs and Mergers 1998. They were required to make an MGO.

Later, seven Palmco minority shareholders sued IOI Corp, Shin Cheng and Yeow Chor for damages over the failure to undertake the MGO when required. However, the High Court dismissed the claim in May 2011, ruling that the takeover legislation then in force did not confer on shareholders an independent right to claim damages for a breach of the mandatory offer requirement. The Court of Appeal upheld the decision in November 2013.

More recently, Subur Tiasa Holdings Berhad's controlling shareholders including Tiong Toh Siong Enterprises Sdn Bhd (TTSE) and Tan Sri Tiong Hiew King and their PACs were reprimanded by SC on 14 July 2021 for breaches of Capital Markets and Services Act (CMSA).

The primary breach was related to TTSE and the PACs failure to undertake an MGO when they acquired 16.89% of Subur Tiasa shares at 48 sen per share in February 2020, raising their shareholding from 40.74% to 57.63%. Subsequent transactions increased their shareholdings to 68.76% on 9 March 2020. This represented a significant increase as compared with the 2% limit within a six-month period allowed under the creeping threshold as per the Rules on Take-overs, Mergers and Compulsory Acquisitions by SC. Yet, the requisite general offer was not made.

Such an extensive network of PACs inevitably presents considerable challenges in monitoring changes in shareholdings, particularly where transactions are undertaken through multiple entities, investment vehicles or individual accounts.

It underscores the need for robust shareholding surveillance mechanisms, supported by a comprehensive mapping of interconnected accounts, corporate relationships and family ties. Without consolidated monitoring and reporting, incremental acquisitions by different PACs could collectively trigger the mandatory offer threshold without prompt detection.

The episode also serves as a cautionary tale for family-controlled PLCs, where shareholdings are often distributed across generations, extended family members and multiple corporate vehicles. Families with substantial shareholdings should exercise particular vigilance as their collective interest approaches critical takeover thresholds.

Monitoring should not be confined to the direct holdings of the controlling shareholder or principal family members but must take into account the aggregate interests of all relevant PACs.

While the oversight may not have originated from any failure on United Malacca's part, the episode nevertheless places the Company in an uncomfortable position. An inadvertent failure to recognise and act on an MGO obligation can cast a negative shadow over the parties involved, potentially exposing them to regulatory scrutiny, reprimand and reputational damage (see sidebar above).

More broadly, it demonstrates that takeover compliance is not merely a legal formality but an ongoing governance responsibility requiring effective coordination, timely information-sharing and disciplined monitoring across the entire shareholder network.

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	Voting Position
16.11.26 (Mon) 10.30 am	Jadi Imaging Holdings Berhad (EGM)	Jadi has proposed a capital reduction exercise of RM40 million in its issued share capital to eliminate its accumulated losses. The exercise is intended to rationalise its financial position and provide a more accurate reflection of the value of its underlying assets and financial positions. The exercise is expected to be completed by the first quarter of 2027.	MSWG will vote "**FOR**" the proposed share capital reduction.
18.11.26 (Wed) 10.00 am	RGT Berhad (AGM)	The Group recorded a revenue of RM120.4 million for the FY2026 representing a 14% decrease from the previous financial year. The decline was mainly attributable to softer demand across both the Engineered Polymer Product (EPP) and Factory Automation Precision Engineering (FAPE) segments, together with the adverse impact of foreign exchange movements. Gross profit decreased to RM21.3 million in FY 2026 from RM24.7 million in FY 2025, broadly in line with the lower revenue recorded during the year.	Dato' Ir. Low Keng Kok was appointed to the Board on 30 May 2018. His tenure will reach the nine-year limit on 30 May 2027. In view of the foregoing, MSWG will vote "**AGAINST**" his reappointment and retention as Independent Chairman.
18.11.26 (Wed) 11.30 am	RGT Berhad (EGM)	The Company proposes to establish an ESOS of up to 15% of the total number of issued shares.	MSWG will vote "**AGAINST**" the resolutions on allocation of ESOS Options to independent non-

Date & Time	Company	Quick-take	Voting Position
			executive directors of the Company.
18.11.26 (Wed) 11.00 am	KYM Holdings Berhad (EGM)	KYM proposes to acquire a 70% equity stake in Regen Healthcare Sdn Bhd, a healthcare services provider, for a total consideration of up to RM33.5 million. An initial payment of RM9.1 million will be made upon completion, while the remaining earn-out consideration of up to RM24.4 million will be determined based on Regen's average profit after tax for FY2026 and FY2027. KYM also proposes to diversify its existing business activities into the healthcare sector.	MSWG will vote "**FOR"** all resolutions.
18.11.26 (Wed) 2.30 pm	Pecca Group Berhad (AGM)	In FY2026, revenue slipped 1% to RM222.0 million and net profit declined 9% to RM51.8 million, though operating cash flow grew 28% and net cash reached RM101.8 million.	MSWG will vote "**FOR"** all resolutions.
19.11.26 (Thur) 10.00 am	Dialog Group Berhad (AGM)	Revenue rose by 15.3% to RM2.88 billion compared with the previous financial year. The Group recorded profit after tax of RM624.82 million, more than double the RM309.72 million recorded in FY2025. This improvement was driven by positive contributions from across the Group's businesses, particularly its Malaysian operations.	MSWG will vote "**FOR**" all resolutions.
19.11.26 (Thur) 10.30 am	DPI Holdings Berhad (AGM)	DPI's FY2026 revenue rose to RM160.75 million (FYE2025: RM93.27 million), driven mainly by the first full-year contribution of the FMCG segment, which generated RM104.54 million, 65.0% of total revenue. Net profit attributable to owners rose to RM6.55 million from RM2.61 million, driven mainly by the aerosol segment, whose profit nearly doubled to RM7.34 million.	MSWG will vote **"FOR**" all resolutions.
19.11.26 (Thur) 4.00 pm	Media Prima Berhad (AGM)	Media Prima's FY2026 revenue declined 9.0% to RM780.19 million,	MSWG will vote "**FOR**" all resolutions.

Date & Time	Company	Quick-take	Voting Position
		while PATAMI fell 25.8% to RM15.59 million, continuing the Group's downward earnings trend. The weaker performance was mainly attributable to softer advertising revenue and losses in the Broadcasting and OMNiA segments. Advertising revenue declined by 10.8% to RM600.2 million in FY2026, while content sales revenue fell by 30.4% to RM23.3 million. Outdoor Media, Digital Media and Home Shopping recorded improved profitability, reflecting some progress in business diversification. The Group maintains a sound financial position, supported by RM196.5 million in operating cash flow and reduced borrowings. The key challenge remains restoring profitability and translating its digital expansion into sustainable earnings growth.	
20.11.26 (Fri) 10.30 am	Sern Kou Resources Berhad (AGM)	Sern Kou posted a RM23.0 million net loss in FY2026, its third straight annual loss. Revenue fell 8.7% to RM444.2 million on softer tropical wood orders. Gross profit dropped 75% on a stronger Ringgit, price cuts and higher costs, while furniture lost RM18.1 million and receivable impairments reached RM4.5 million. Past-due receivables tripled to RM86.4 million, and gross profit no longer covers finance costs.	MSWG will vote "**AGAINST**" • Ordinary Resolution 2 - To approve the payment of Directors' Fees) • Ordinary Resolution 3 - To approve the payment of Directors' Remuneration, excluding Directors' Fees This is in accordance to MSWG's voting policy that vote "AGAINST" the proposed advance of directors' remuneration, given a Company's unsatisfactory financial performance over three financial years.

POINTS OF INTEREST

Company	Points/Issues to Be Raised
RGT Berhad (AGM)	1. European export sales declined sharply by 49.86% YoY, from RM33.99 million in FY2025 to RM17.04 million in FY2026. Page 46 states that the Group is reviewing its product declarations to ensure compliance with the EU Packaging and Packaging Waste Regulation (PPWR) and Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) requirements. (a) To what extent was the decline in European sales attributable to regulatory compliance requirements, product redesign delays or product phase-outs arising from the EU PPWR and REACH regulations? (b) What proportion of the Group's existing Engineered Polymer Product (EPP) range requires reformulation or redesign to meet the new regulatory requirements? (c) What is the estimated capital expenditure required for the necessary product reformulation, redesign and compliance-related modifications, and how much has been budgeted for these initiatives? 2. The Group invested RM2.2 million in cleanroom facilities and equipment in FY2026 (Page 23 of AR2026), bringing the gross carrying cost of cleanroom assets to RM6.57 million (Page 122 of AR2026). The Group also highlighted its adherence to international standards, including ISO 13485 certification, which is an important requirement for its expansion into medical device manufacturing. (a) What is the current utilisation rate of cleanroom facilities? (b) What annual contract manufacturing volume has the Group secured from medical device customers, and how much revenue is expected to be generated from these programmes?
KYM Holdings Berhad (EGM)	1. Pages 3 and 4 of the Circular outlined the quantum of Earn out Consideration payable by KYM Healthcare to the Vendor: • Scenario 1 – Average PAT of RM3 million • Scenario 2 – Average PAT is more than RM1.3 million but less than RM3 million • Scenario 3 – Average PAT is RM1.3 million or less; no Earn-out Consideration shall be payable. Further, to qualify for the maximum Earn-out Consideration of RM24.4 million, the Vendor is required to achieve an Average PAT of RM4.4 million for the financial years ending 31 December 2026 and 2027. This represents a substantial increase of approximately 238% over the RM1.3 million PAT recorded in FY2025.

Company	Points/Issues to Be Raised
	Against this backdrop, for FY2022 to FY2025, Regen Group's revenue remained relatively stagnant, ranging between RM10.2 million and RM12.81 million, while two out of the four financial years recorded losses (page App III–5 of the Circular). (a) Given Regen Group's historical financial performance, what key assumptions and commercial drivers underpin the significant step-up in the targeted Average PAT of RM3.0 million and RM4.4 million? (b) Please provide a breakdown of the financial projections, including: • Projected revenue growth and its underlying drivers; • Expected growth in patient volume and average revenue per patient; • Anticipated improvements in operating margins and cost efficiencies; • Whether any planned expansion in healthcare facilities, service capacity or geographical coverage that would contribute to the projected earnings growth.
Pecca Group Berhad (AGM)	Subsidiary directors' pay rose 61% to RM720,000 while other key management pay fell 58%. Who received the increase? How much was paid in FY2026 to family members of directors employed in the Group? *(Source: Annual Report 2026 – Note 28 – Key Management Personnel Compensation, Page 220)* Why did the Group take a RM5 million revolving credit at 5.32% and a RM9.5 million term loan while holding RM110 million in money market funds earning about 3.1%? What is the policy on the minimum cash buffer versus debt? *(Source: Annual Report 2026 – Note 11 – Short-Term Investments, Page 185; Note 15 – Borrowings, Pages 189–190; Note 18 – Finance Income, Page 193 and Note 24.5 – Liquidity Risk (contractual interest rates), Page 207)*
Dialog Group Berhad (AGM)	1. Given the production disruptions and maintenance downtime at mature assets such as D35, D21 and J4, what operational readiness measures, technical capabilities and risk controls are being put in place to support Dialog's transition into lead offshore operator for new developments such as Salbiah? 2. Payments to related party DIV Services Sdn Bhd (DIV) for the "Provision of IT system and services" increased by 346.14%, from RM9.58 million in FY2025 to RM42.74 million in FY2026 (Note 33(b), page 85). Note 33(a)(iv) further discloses that Director cum substantial shareholder and another Director of the Company who have substantial interests in DIV. What specific IT systems, software solutions or enterprise digital services did the Group procure from DIV to warrant expenditure of more than RM42.74 million in FY2026?

Company	Points/Issues to Be Raised
DPI Holdings Berhad (AGM)	Eastern Forever Sdn. Bhd. (EF) and its subsidiaries make up the Group's FMCG segment (Page 17 of the Annual Report (AR) 2026). After EF bought a warehouse from PCA Venture Sdn. Bhd. for RM18.00 million (Pages 133 and 158 of AR 2026), its non-current liabilities rose from RM1.35 million to RM16.88 million (Page 105 of AR 2026). The Group breached a banking covenant requiring a gearing ratio of not more than 2.25 times, and the lenders retain the right to demand immediate repayment of the affected borrowings (Page 117 of AR 2026). Notably, RM1.02 million of the Group's RM1.04 million interest expenses were attributable to the FMCG segment (Page 135 of AR 2026). EF's goodwill test assumed revenue growth of 22% to 30.16% (Page 110 of AR 2026). (a) Was the covenant breached in relation to EF's borrowings? If so, what was EF's gearing ratio, as calculated under the covenant, at 31 May 2026, and what is it now? (b) On the FMCG segment, how many principals does EF represent and how many new agencies were added in FYE 2026 and since year-end? Do these support the 22% to 30.16% growth assumed in the goodwill test?
Media Prima Berhad (AGM)	Despite a 24.3% decline in Group PAT and a reduction in dividends from 1.5 sen to 1.0 sen per share, total directors' remuneration increased by 22.9% from RM2.67 million in FY2025 to RM3.28 million in FY2026. This is mainly attributable to increases of 38.2% in the Group Managing Director's remuneration and 13.4% in the Group Chairman's remuneration. (Source: Pages 104 and 173 of AR2026 and Page 88 of AR2025) (a) What factors justified the significant increase in the Group Managing Director's remuneration amid weaker financial performance and lower dividends? (b) What accounted for the substantial increase in the Group Chairman's benefits-in-kind from RM13,491 to RM126,313, and was the increase recurring or one-off?
Sern Kou Resources Berhad (AGM)	The furniture segment's loss before tax widened to RM18.1 million in FY2026 from RM10.2 million in FY2025, despite a slight increase in revenue to RM42.9 million (Page 168-169 of AR 2026). The Group also recognised an impairment of RM1.7 million on furniture segment's plant and equipment due to lower utilisation and ageing (Page 140 of AR 2026). (a) What is the current factory utilisation rate, and what utilisation rate does the Company target for the coming financial year? (b) What level of sales revenue is required for the furniture segment to achieve its break-even point?

Company	Points/Issues to Be Raised
	(c) When will a decision be made on whether to restructure, downsize or close the furniture business, as was done for plywood?

[END]











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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